

Spirit Airlines, Inc.
Form 424B2
July 30, 2015
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Filed Pursuant to Rule 424(B)(2)
Registration No. 333-202260

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Pass Through Certificates, Series 2015-1	\$576,581,000	\$66,999

(1) The registration fee is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT

(To Prospectus Dated February 24, 2015)

\$576,581,000

2015-1 Pass Through Trusts
Pass Through Certificates, Series 2015-1

Spirit Airlines, Inc. (Spirit) is creating two separate pass through trusts, one of which will issue Spirit Airlines Class A Pass Through Certificates, Series 2015-1, and the other of which will issue Spirit Airlines Class B Pass Through Certificates, Series 2015-1.

Each Certificate will represent an interest in the assets of the related pass through trust. The proceeds from the sale of the Certificates will initially be held in escrow and will thereafter be used by the related pass through trust to acquire the related series of equipment notes to be issued by Spirit on a full recourse basis. Payments on the equipment notes held in each pass through trust will be passed through to the Certificateholders of such trust. Distributions on the Certificates will be subject to certain subordination provisions described herein. The Certificates do not represent interests in, or obligations of, Spirit or any of its affiliates.

The Class A Certificates will rank generally senior to the Class B Certificates, subject to the distribution provisions described herein.

The equipment notes expected to be held by each pass through trust will be issued for each of (a) twelve new Airbus A321-200 aircraft currently scheduled for delivery to Spirit during the period from October 2015 to December 2016 and (b) three new Airbus A320-200 aircraft currently scheduled for delivery to Spirit during the period from June 2016 to December 2016. The equipment notes issued for each aircraft will be secured by a security interest in such aircraft. Interest on the issued and outstanding equipment notes will be payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2016, and principal on such equipment notes is scheduled for payment on April 1 and October 1 of certain years, commencing on October 1, 2016.

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Natixis, acting via its New York Branch, will provide a separate liquidity facility for each of the Class A Certificates and the Class B Certificates, in each case in an amount sufficient to make three semiannual interest distributions on the outstanding balance of the Certificates of such class.

The Certificates will not be listed on any national securities exchange.

Investing in the Certificates involves risks. See Risk Factors beginning on page S-26.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Pass Through Certificates	Aggregate Face Amount	Interest Rate	Final Expected Distribution Date	Price to Public(1)
Class A	\$ 455,622,000	4.100%	April 1, 2028	100%
Class B	\$ 120,959,000	4.450%	April 1, 2024	100%

(1) Plus accrued interest, if any, from the date of issuance.

The underwriters will purchase all of the Certificates if any are purchased. The aggregate proceeds from the sale of the Certificates will be \$576,581,000. Spirit will pay the underwriters a commission of \$5,765,810. Delivery of the Certificates in book-entry form will be made on or about August 11, 2015 against payment in immediately available funds.

Joint Structuring Agents and Joint Lead Bookrunners

Citigroup

Morgan Stanley

Credit Suisse

The date of this prospectus supplement is July 28, 2015.

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We have not, and the Underwriters have not, authorized anyone to provide you with information other than the information contained in this prospectus supplement, the accompanying prospectus, any related free writing prospectus issued by us (which we refer to as a *company free writing prospectus*) and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus or to which we have referred you. This prospectus supplement, the accompanying prospectus and any related company free writing prospectus do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus supplement, the accompanying prospectus and any related company free writing prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus and any related company free writing prospectus or any document incorporated by reference is accurate as of any date other than the date on the front cover of the applicable document. Neither the delivery of this prospectus supplement, the accompanying prospectus and any related company free writing prospectus nor any distribution of securities pursuant to this prospectus supplement and the accompanying prospectus shall, under any circumstances, create any implication that there has been no change in our business, financial condition, results of operations or prospects, or in the affairs of the Trusts, the Depository or the Liquidity Provider, since the date of this prospectus supplement.

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CERTAIN VOLCKER RULE CONSIDERATIONS

Each Trust is structured so as to, immediately following the issuance of the related class of Certificates pursuant to the applicable Pass Through Trust Agreement, not constitute a covered fund for purposes of regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the *Volcker Rule*. In reaching this conclusion, although other statutory or regulatory exemptions or exclusions from registration as an investment company under the Investment Company Act of 1940, as amended (the *Investment Company Act*), may be available to each Trust, each Trust is relying on the exclusion from the definition of investment company contained in Section 3(c)(5) of the Investment Company Act.

PRESENTATION OF INFORMATION

These offering materials consist of two documents: (a) this prospectus supplement, which describes the terms of the Certificates that we are currently offering and information about us, and (b) the accompanying prospectus, which provides general information about us and our pass through certificates, some of which may not apply to the Certificates that we are currently offering. This prospectus supplement contains information that supplements or replaces any inconsistent information included in the accompanying prospectus. To the extent the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference in this prospectus supplement. See *About this Prospectus* in the accompanying prospectus.

In this prospectus supplement, references to Spirit, the Company, we, us and our refer to Spirit Airlines, Inc. and our wholly-owned subsidiaries.

We have given certain capitalized terms specific meanings for purposes of this prospectus supplement. The *Index of Defined Terms* attached as Appendix I to this prospectus supplement lists the page in this prospectus supplement on which we have defined each such term.

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At varying places in this prospectus supplement, we refer you to other sections for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this prospectus supplement can be found is listed in the foregoing Table of Contents. All such cross-references in this prospectus supplement are to captions contained in this prospectus supplement and not the accompanying prospectus, unless otherwise stated.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus, the documents incorporated by reference into this prospectus supplement and the accompanying prospectus or any related company free writing prospectus and statements made by our representatives from time to time include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the *Securities Act*), and Section 21E of the Securities Exchange Act of 1934, as amended (the *Exchange Act*). We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved, if at all. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to:

the competitive environment in our industry;

our ability to keep costs low;

changes in our fuel cost;

our ability to hedge fuel requirements;

restrictions on or increased taxes applicable to non-ticket revenues;

the impact of worldwide economic conditions, including the impact of economic cycles or downturns on customer travel behavior;

actual or threatened terrorist attacks, global instability and potential military actions or activities;

external conditions, including air traffic congestion, weather and outbreak of disease;

restrictions on third-party membership programs;

availability of air travel substitutes;

labor disputes, strikes and other labor-related disruptions;

aircraft-related fixed obligations;

cash balances, operating cash flows and liquidity;

our aircraft utilization rate;

maintenance costs;

lack of marketing alliances;

government regulation;

our ability to fulfill our growth strategy;

our reliance on technology and automated systems and the risks associated with cyber security and changes made to those systems;

use of personal data;

ability to generate non-ticket revenues;

operational disruptions;

the concentration of our revenue from South Florida;

our reliance on third-party vendors and partners;

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our reliance on a single fuel provider;

an aircraft accident or incident;

negative publicity;

our aircraft and engine suppliers;

changes in the U.S., Caribbean and Latin American markets;

insurance costs;

environmental regulations;

ability to attract and retain qualified personnel;

loss of key personnel; and

the other risk factors described below under the heading Risk Factors.

The words will, should, could, would, plan, believe, may, estimate, continue, anticipate, intend, expect, predict, possible, or other similar expressions, as they relate to our company, our business and our management, are intended to identify forward-looking statements. In light of these risks and uncertainties, the forward-looking events and circumstances discussed in this prospectus supplement may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus supplement is a part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission (the SEC) relating to the securities to be offered. This prospectus supplement does not contain all of the information set forth in the registration statement and the exhibits and schedules thereto. Some items are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the securities offered hereby, we refer you to the registration statement and the exhibits and schedules filed

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therewith. Statements contained in this prospectus supplement as to the contents of any contract, agreement or any other document referred to are summaries of the material terms of the respective contract, agreement or other document. With respect to each of these contracts, agreements or other documents filed as an exhibit to the registration statement, reference is made to the exhibits for a more complete description of the matter involved. A copy of the registration statement, and the exhibits and schedules thereto, may be inspected without charge at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of these materials may be obtained by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the SEC's website is <http://www.sec.gov>.

We are subject to the information and periodic reporting requirements of the Exchange Act and, in accordance therewith, file periodic reports, proxy statements and other information with the SEC. Such periodic

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reports, proxy statements and other information are available for inspection and copying at the public reference room and website of the SEC referred to above. We maintain a website at www.spirit.com. You may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and amendments to those reports filed or furnished pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The reference to our website address does not constitute incorporation by reference of the information contained on our website.

INCORPORATION BY REFERENCE

The SEC allows us to incorporate by reference information in this prospectus supplement that we have filed with the SEC. This means that we can disclose important information to you by referring you to another document already on file with the SEC. The information that we file later with the SEC will automatically update and supersede this information.

This prospectus supplement incorporates by reference the documents listed below that we have previously filed with the SEC (excluding any document, or portion thereof, to the extent disclosure is furnished and not filed):

Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on February 18, 2015;

Quarterly Reports on Form 10-Q for the quarter ended March 31, 2015, filed with the SEC on April 29, 2015, and for the quarter ended June 30, 2015, filed with the SEC on July 24, 2015; and

Current Report on Form 8-K filed with the SEC on June 19, 2015.

All documents filed by us under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (other than reports or portions thereof furnished under Items 2.02 or 7.01 of Form 8-K) from the date of this prospectus supplement and prior to the termination of this offering shall also be deemed to be incorporated by reference in this prospectus supplement.

Any statement contained in a document incorporated by reference into this prospectus supplement will be deemed to be modified or superseded for the purposes of this prospectus supplement to the extent that a later statement contained in this prospectus supplement or in any other document incorporated by reference into this prospectus supplement modifies or supersedes the earlier statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

We will provide to each person to whom a prospectus supplement is delivered, a copy of these reports at no cost. Any such request may be made by writing or telephoning us at the following address or phone number:

Spirit Airlines, Inc.

Attn: Investor Relations

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2800 Executive Way

Miramar, Florida 33025

Telephone: (954) 447-7920

These documents can also be requested through, and are available in, the Investor Relations section of our website, which is located at <http://ir.spirit.com>, or as described under "Where You Can Find Additional Information" above. The reference to our website address does not constitute incorporation by reference of the information contained on our website.

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PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights basic information about our company and this offering. Because it is a summary, it may not contain all of the information that may be important to you or that you should consider before investing. You should read this entire prospectus supplement, the accompanying prospectus and any related company free writing prospectus carefully, including the sections entitled *Risk Factors* and *Special Note Regarding Forward-Looking Statements* in this prospectus supplement, as well as the materials filed by Spirit with the SEC that are considered to be a part of this prospectus supplement, the accompanying prospectus and any related company free writing prospectus before making an investment decision. See *Where You Can Find More Information* and *Incorporation By Reference* in this prospectus supplement.*

Overview of Spirit

Overview

We are an ultra-low-cost, low-fare airline based in Miramar, Florida that offers affordable travel to price-conscious customers. As of June 30, 2015, our all-Airbus Fit Fleet™ fleet operates more than 350 daily flights to 57 destinations in the United States, Caribbean and Latin America. Our stock trades on the NASDAQ Global Select Stock Market under the symbol SAVE.

We were founded in 1964 as Clippert Trucking Company, a Michigan corporation. We began air charter operations in 1990 and renamed ourselves Spirit Airlines, Inc. in 1992. In 1994, we reincorporated in Delaware, and in 1999 we relocated our headquarters to Miramar, Florida. Our mailing address and executive offices are located at 2800 Executive Way, Miramar, Florida 33025.

Our ultra-low-cost carrier, or ULCC, business model allows us to compete principally by offering customers our Bare Fares™, which are unbundled base fares that remove components traditionally included. We then give customers Frill Control™, which provides customers the freedom to save by paying only for the options they choose such as bags, advance seat assignments and refreshments, which we record in our financial statements as non-ticket revenue.

Our Business Model

Our ULCC business model provides customers very low, unbundled base fares with a range of optional services, allowing customers the freedom to choose only the options they value. The success of our model is driven by our low cost structure, which permits us to offer very low base fares while maintaining one of the highest profit margins in the industry.

We are focused on price-sensitive travelers who pay for their own travel, and our business model is designed to deliver what we believe our customers want: low fares. We aggressively use low fares to address an underserved market, which helps us to increase passenger volume, load factors and non-ticket revenue on the flights we operate. We also have high density seating configurations on our aircraft and a simplified onboard product designed to lower costs, which is part of our Plane Simple™ strategy. Higher passenger volumes and load factors help us sell

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more ancillary products and services, which in turn allows us to reduce the base fare we offer even further. We strive to be recognized by our customers and potential customers as the low-fare leader in the markets we serve.

We compete based on total price. We believe other airlines have used an all-inclusive pricing concept to effectively raise total prices to consumers, rather than lowering fares by unbundling each product or service. For example, carriers that tout free bags have included the cost of checking bags in the total ticket price, which does not allow passengers to see how much they would save if they did not check luggage. We believe that we

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and our customers benefit when we allow our customers to know the total price of their travel by breaking out the cost of optional products or services. Customers booking through our website are easily able to compare the total cost of flying with us versus flying with another airline.

We allow our customers to see all available options and their respective prices prior to purchasing a ticket, and this full transparency illustrates that our total price, including options selected, is lower than other airlines on average. In 2014, we launched an aggressive new brand campaign to educate the public on how Spirit's unbundled pricing model works and how it gives them choices and saves them money compared to other airlines.

Our Strengths

We believe we compete successfully in the airline industry by leveraging the following demonstrated business strengths:

Ultra-Low Cost Structure. Our unit operating costs are among the lowest of all airlines operating in the Americas. We believe this cost advantage helps protect our market position and enables us to offer some of the lowest base fares in our markets, sustain among the highest operating margins in our industry and support continued growth. Our operating costs per available seat mile (*CASM*) of 9.65 cents in 2014 were significantly lower than those of the major domestic network carriers and among the lowest of the domestic low-cost carriers. We achieve these low unit operating costs in large part due to:

high aircraft utilization;

high-density seating configurations on our aircraft, which is part of our Plane Simple™ strategy with its dense seating configurations and simplified onboard product designed to lower costs;

no hub-and-spoke inefficiencies;

highly productive workforce;

opportunistic outsourcing of operating functions;

operating our Fit Fleet™, a modern single fleet type of Airbus A320-family aircraft with common flight crews;

reduced sales, marketing and distribution costs through direct-to-consumer marketing;

efficient flight scheduling, including minimal ground times between flights; and

a company-wide business culture that is keenly focused on driving costs lower.

Innovative Revenue Generation. We execute our innovative, unbundled pricing strategy to produce significant non-ticket revenue generation, which allows us to address an underserved market by lowering base fares and enabling passengers to identify, select and pay for the products and services they want to use. Our unbundled strategy has enabled us to grow average non-ticket revenue per passenger flight segment from approximately \$5 in 2006 to \$55 in 2014 by:

charging for checked and carry-on baggage;

passing through all distribution-related expenses;

charging for premium seats and advance seat selection;

enforcing ticketing policies, including service charges for changes and cancellations;

generating subscription revenue from our \$9 Fare Club ultra-low-fare subscription service;

deriving brand-based revenues from proprietary services, such as our FREE SPIRIT affinity credit card program;

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offering third-party travel products (travel packages), such as hotel rooms, ground transportation (rental and hotel shuttle products) and attractions (show or theme park tickets) packaged with air travel;

selling third-party travel insurance through our website; and

selling in-flight products and onboard advertising.

Resilient Business Model and Customer Base. By focusing on price-sensitive travelers, we have maintained relatively stable unit revenue and profitability during volatile economic periods because we are not highly dependent on premium-fare business traffic. We believe our growing customer base is more resilient than the customer bases of most other airlines because our low fares and unbundled service offering appeal to price-sensitive travelers.

Financial Strength Achieved with Focus on Cost Discipline. We believe our ULCC business model has delivered strong financial results in both favorable and more difficult economic times. We have a long track record of profitability, reporting positive net income every year since 2007. We have generated these results by:

keeping a consistent focus on maintaining low unit operating costs;

ensuring our sourcing arrangements with key third parties are regularly benchmarked against the best industry standards; and

generating and maintaining an adequate level of liquidity to insulate against volatility in key cost inputs, such as fuel, and in passenger demand that may occur as a result of changing general economic conditions.

Large Market Opportunity. We have developed a substantial network of destinations in profitable U.S. domestic niche markets, targeted growth markets in the Caribbean and Latin America and high-volume routes flown by price-sensitive travelers. In the United States, we also have grown into large markets that, due to higher fares, have priced out those more price-sensitive travelers. Our strategy to balance growth in large domestic markets, niche markets and opportunities in the Caribbean and Latin America gives us a significant number of growth opportunities.

Experienced International Operator. We believe we have substantial experience in foreign local aviation, security and customs regulations, local ground operations and flight crew training required for successful international and overwater flight operations. All of our aircraft are certified for overwater operations. We believe we compete favorably against other low-cost carriers because we have been conducting international flight operations since 2003 and have developed substantial experience in complying with the various regulations and business practices in the international markets we serve. During 2014, 2013 and 2012, no revenue from any one foreign country represented greater than 4% of our total passenger revenue. We attribute operating revenues by geographic region based upon the origin and destination of each passenger flight segment.

Our Fleet

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We fly only Airbus A320 family aircraft, which provides us significant operational and cost advantages compared to airlines that operate multiple aircraft types. By operating a single aircraft type, we avoid the incremental costs of training crews across multiple types. Flight crews are entirely interchangeable across all of our aircraft, and maintenance, spare parts inventories and other operational support remains highly simplified compared to those airlines with more complex fleets. Due to this commonality among Airbus single-aisle aircraft, we can retain the benefits of a fleet comprised of a single type of aircraft while still having the flexibility to match the capacity and range of the aircraft to the demands of each route.

As of June 30, 2015, we had a fleet of 73 Airbus single-aisle aircraft, consisting of 29 A319s, 42 A320s and 2 A321s, and the average age of the fleet was 5.1 years. As of June 30, 2015, we had 12 aircraft financed through

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senior and junior long-term debt with terms of 12 and 7 years, respectively, and 61 aircraft and 11 spare engines financed under operating leases with expirations between 2016 and 2027.

As of June 30, 2015, firm aircraft orders consisted of 98 A320 family aircraft (13 of the existing A320 aircraft model, 40 A320neos, 30 of the existing A321 model and 10 A321neos) with Airbus and 5 direct operating leases for A320neos with a third-party lessor. As of June 30, 2015, spare engine orders consisted of four V2500 SelectOne engines with IAE and nine PurePower PW 1100G-JM engines with Pratt & Whitney. Aircraft are scheduled for delivery from 2015 through 2021 and spare engines are scheduled for delivery from 2017 through 2023. The firm aircraft orders provide for capacity growth as well as the flexibility to replace all or some of the 73 aircraft in our fleet as of June 30, 2015. We may elect to supplement these deliveries by additional acquisitions from the manufacturer or in the open market if demand conditions merit.

Route Network

As of June 30, 2015, our route network included 190 markets served by 57 airports throughout North America, Central America, South America and the Caribbean.

Below is a route map of our current network, which includes seasonal routes and routes announced as of June 30, 2015 for which service has not yet started:

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Our network expansion targets underserved and/or overpriced markets. We utilize a rigorous process to identify growth opportunities to deploy new aircraft where we believe they will be most profitable. To monitor the profitability of each route, we analyze weekly and monthly profitability reports as well as near term forecasting.

Summary of Terms of Certificates

	Class A Certificates	Class B Certificates
Aggregate face amount	\$455,622,000	\$120,959,000
Interest rate	4.100%	4.450%
Initial loan to Aircraft value ratio (cumulative)(1)(2)	54.0%	66.7%
Expected maximum loan to Aircraft value ratio (cumulative)(2)	54.0%	66.7%
Expected principal distribution window (in years from Issuance Date)	1.1-12.6	1.1-8.6
Initial average life (in years from Issuance Date)	8.6	5.5
Regular Distribution Dates	April 1 and October 1	April 1 and October 1
Final expected Regular Distribution Date(3)	April 1, 2028	April 1, 2024
Final Legal Distribution Date(4)	October 1, 2029	October 1, 2025
Minimum denomination(5)	\$2,000	\$2,000
Section 1110 protection	Yes	Yes
Liquidity Facility coverage	3 semiannual interest payments	3 semiannual interest payments

- (1) These percentages are calculated assuming that each of the Eligible Aircraft listed under Equipment Notes and the Aircraft in this prospectus supplement summary has been subjected to an Indenture and that the Trusts have purchased the related Equipment Notes for each such Eligible Aircraft as of April 1, 2017 (the first Regular Distribution Date that occurs after the Outside Termination Date) and that all principal scheduled to be paid thereon on or prior to April 1, 2017 has been paid. In calculating these percentages, we have assumed that the aggregate appraised value of all such Eligible Aircraft is \$784,535,850 as of such date. The appraised value is only an estimate and reflects certain assumptions. See Description of the Aircraft and the Appraisals The Appraisals.
- (2) See Loan to Aircraft Value Ratios in this prospectus supplement summary for the method and assumptions we used in calculating the loan to aircraft value ratios and a discussion of certain ways that such loan to aircraft value ratios could change.
- (3) Each series of Equipment Notes will mature on the final expected Regular Distribution Date for the Certificates issued by the Trust expected to hold such Equipment Notes. See Description of the Equipment Notes Principal and Interest Payments.
- (4) The Final Legal Distribution Date for each of the Class A Certificates and Class B Certificates is the date which is 18 months from the final expected Regular Distribution Date for that class of Certificates, which represents the period corresponding to the applicable Liquidity Facility coverage of three successive semiannual interest payments.
- (5) The Certificates will be issued in minimum denominations of \$2,000 (or such other denomination that is the lowest integral multiple of \$1,000 that is, at the time of issuance, equal to at least 1,000 euros) and integral multiples of \$1,000 in excess thereof.

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Equipment Notes and the Aircraft

The Trusts are expected to hold Equipment Notes issued for, and secured by, each of:

(a) seven new Airbus A321-200 aircraft currently scheduled for delivery during the period from October 2015 to April 2016; and

(b) five new Airbus A321-200 aircraft currently scheduled for delivery during the period from May 2016 to December 2016 and three new Airbus A320-200 aircraft currently scheduled for delivery to Spirit during the period from June 2016 to December 2016.

Each such aircraft, including any aircraft substituted for any such aircraft prior to delivery thereof in accordance with the Aircraft Purchase Agreement, constitutes an *Eligible Aircraft* and, collectively, the *Eligible Aircraft*. Each of the Eligible Aircraft is currently scheduled to be delivered by Airbus S.A.S. (*Airbus*) to Spirit pursuant to an aircraft purchase agreement between Airbus and Spirit (such aircraft purchase agreement, as amended, supplemented or otherwise modified from time to time, the *Aircraft Purchase Agreement*). Pursuant to the Note Purchase Agreement, Spirit has certain rights to finance a Substitute Aircraft in lieu of any Eligible Aircraft if the delivery of such Eligible Aircraft is delayed more than 30 days after the last day of its currently scheduled delivery month. See Description of the Aircraft and the Appraisals Substitute Aircraft.

In this prospectus supplement, we refer to each Eligible Aircraft referred to in clause (a) above or any Substitute Aircraft financed in lieu thereof as an *Early Delivery Aircraft* and, collectively, the *Early Delivery Aircraft* and each Eligible Aircraft referred to in clause (b) above or any Substitute Aircraft financed in lieu thereof as a *Later Delivery Aircraft* and, collectively, the *Later Delivery Aircraft* and, together with the Early Delivery Aircraft, each, an *Aircraft* and, collectively, the *Aircraft*).

Each Aircraft will be owned and will be operated by Spirit. See Description of the Aircraft and the Appraisals for a description of each Eligible Aircraft. Set forth below is certain information about the Equipment Notes expected to be held in the Trusts and each of the Eligible Aircraft expected to secure such Equipment Notes.

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On and subject to the terms and conditions of the Note Purchase Agreement and the forms of financing agreements attached to the Note Purchase Agreement, Spirit agrees to enter into a secured debt financing with respect to each Aircraft on or prior to March 31, 2017. See Description of the Aircraft and the Appraisals Deliveries of Aircraft.

Aircraft Type	Registration Number(1)	Manufacturer's Serial Number(1)	Scheduled Month of Delivery(1)	Initial Principal Amount of Equipment Notes(2)	Appraised Value(3)	Latest Equipment Note Maturity Date
Airbus A320-200	N644NK	TBD	June 2016	\$ 34,371,000	\$ 48,216,667	April 1, 2028
Airbus A320-200	N645NK	TBD	September 2016	34,037,000	48,403,333	April 1, 2028
Airbus A320-200	N646NK	TBD	December 2016	33,700,000	48,590,000	April 1, 2028
Airbus A321-200	N660NK	6804	October 2015	40,436,000	54,750,000	April 1, 2028
Airbus A321-200	N661NK	6867	November 2015	40,260,000	54,750,000	April 1, 2028
Airbus A321-200	N662NK	6897	December 2015	40,084,000	54,750,000	April 1, 2028
Airbus A321-200	N663NK	TBD	February 2016	39,877,000	54,950,000	April 1, 2028
Airbus A321-200	N664NK	TBD	March 2016	39,701,000	54,950,000	April 1, 2028
Airbus A321-200	N665NK	TBD	March 2016	39,701,000	54,950,000	April 1, 2028
Airbus A321-200	N667NK	TBD	April 2016	39,668,000	55,150,000	April 1, 2028
Airbus A321-200	N668NK	TBD	May 2016	39,491,000	55,150,000	April 1, 2028
Airbus A321-200	N669NK	TBD	August 2016	39,100,000	55,350,000	April 1, 2028
Airbus A321-200	N670NK	TBD	September 2016	38,922,000	55,350,000	April 1, 2028
Airbus A321-200	N671NK	TBD	November 2016	38,706,000	55,550,000	April 1, 2028
Airbus A321-200	N672NK	TBD	December 2016	38,527,000	55,550,000	April 1, 2028
Total:				\$ 576,581,000	\$ 806,410,000	

- The indicated registration number, manufacturer's serial number and scheduled delivery month for each Eligible Aircraft reflect our current expectations, although these may differ for the actual aircraft delivered under the Aircraft Purchase Agreement and financed under this offering and each Eligible Aircraft with manufacturer's serial number listed as TBD signifies that the manufacturer's serial number for such Eligible Aircraft is not yet available as of the date hereof and is to be determined at a later date. The actual delivery date of any Eligible Aircraft may differ from its current scheduled delivery month and is subject to delay or acceleration. See Description of the Aircraft and the Appraisals Deliveries of Aircraft. In addition, Spirit has certain rights to finance a Substitute Aircraft in lieu of any Eligible Aircraft if the delivery of such Eligible Aircraft is delayed for more than 30 days after the last day of its currently scheduled delivery month. See Description of the Aircraft and the Appraisals Substitute Aircraft.
- With respect to any Early Delivery Aircraft, if such Early Delivery Aircraft is not financed before October 1, 2016, the initial principal amount of the Equipment Notes for such Early Delivery Aircraft will be reduced by an amount equal to the principal amortization installment scheduled for payment thereon on October 1, 2016. See Description of the Certificates Obligation to Purchase Equipment Notes. In addition, a portion of the Deposits for each such Early Delivery Aircraft in an amount equal to the principal amortization installment scheduled for payment for such Early Delivery Aircraft on October 1, 2016 will be distributed, without any premium, to the holders of the Certificates on October 1, 2016. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits.
- The appraised value of each Eligible Aircraft set forth above is the lesser of the average and median appraised values of such Eligible Aircraft as appraised by three independent appraisal and consulting firms (Aircraft Information Services, Inc. (AISI), BK Associates, Inc. (BK) and Morten Beyer & Agnew, Inc. (MBA), and together with AISI and BK, the Appraisers). Such appraisals indicate appraised base value of each Eligible Aircraft as a new aircraft, projected as of its currently scheduled delivery month. The AISI appraisal is dated June 10, 2015; the BK appraisal is dated June 15, 2015; and the MBA appraisal is dated June 26, 2015. The Appraisers based their appraisals on varying assumptions (which may not reflect current market conditions) and methodologies. See Description of the Aircraft and the Appraisals The Appraisals. An appraisal is only an estimate of value and you should not rely on any appraisal as a measure of realizable value. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.

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The following table provides loan to aircraft value ratios (*LTVs*) for each class of Certificates as of: (i) April 1, 2017, assuming that each of the Eligible Aircraft has been subjected to an Indenture, that the Trusts have purchased the related Equipment Notes for each such Eligible Aircraft as of April, 2017 and that all principal scheduled to be paid on such Equipment Notes on October 1, 2016 has been paid and (ii) each Regular Distribution Date thereafter. The *LTVs* for each Regular Distribution Date prior to April 1, 2017 are not included because all of the Equipment Notes expected to be acquired by the Trusts and the related Aircraft may not have been issued by October 1, 2016 and may still be issued on or before March 31, 2017, the Outside Termination Date. The table is not a forecast or prediction of expected or likely *LTVs*, but simply a mathematical calculation based upon one set of assumptions. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.

We compiled the following table on an aggregate basis. However, the Equipment Notes issued under an Indenture are entitled only to certain specified cross-collateralization provisions as described under Description of the Equipment Notes Security. The relevant *LTVs* in a default situation for the Equipment Notes issued under a particular Indenture would depend on various factors, including the extent to which the debtor or trustee in bankruptcy agrees to perform Spirit's obligations under the Indentures. Therefore, the following aggregate *LTVs* are presented for illustrative purposes only and should not be interpreted as indicating the degree of cross-collateralization available to the holders of the Certificates.

Date	Aggregate Assumed Aircraft Value(1)	Pool Balance(2)		LTV(3)	
		Class A Certificates	Class B Certificates	Class A Certificates	Class B Certificates
April 1, 2017	\$ 784,535,850	\$ 423,621,650	\$ 99,961,500	54.0%	66.7%
October 1, 2017	772,439,700	408,621,650	91,961,500	52.9	64.8
April 1, 2018	760,343,550	393,621,650	83,961,500	51.8	62.8
October 1, 2018	748,247,400	378,621,650	79,961,500	50.6	61.3
April 1, 2019	736,151,250	363,621,650	75,961,500	49.4	59.7
October 1, 2019	724,055,100	348,621,650	71,961,500	48.1	58.1
April 1, 2020	711,958,950	333,621,650	67,961,500	46.9	56.4
October 1, 2020	699,862,800	322,621,650	63,961,500	46.1	55.2
April 1, 2021	687,766,650	311,621,650	59,961,500	45.3	54.0
October 1, 2021	675,670,500	300,621,650	55,961,500	44.5	52.8
April 1, 2022	663,574,350	289,621,650	51,961,500	43.6	51.5
October 1, 2022	651,478,200	278,621,650	47,961,500	42.8	50.1
April 1, 2023	639,382,050	267,621,650	43,961,500	41.9	48.7
October 1, 2023	627,285,900	256,621,650	39,961,500	40.9	47.3
April 1, 2024	615,189,750	245,621,650	0	39.9	0.0
October 1, 2024	603,093,600	234,621,650	0	38.9	0.0
April 1, 2025	590,997,450	223,621,650	0	37.8	0.0
October 1, 2025	578,901,300	212,621,650	0	36.7	0.0
April 1, 2026	566,805,150	201,621,650	0	35.6	0.0
October 1, 2026	554,709,000	190,621,650	0	34.4	0.0
April 1, 2027	542,612,850	179,621,650	0	33.1	0.0
October 1, 2027	530,516,700	168,621,650	0	31.8	0.0
April 1, 2028	518,420,550	0	0	0.0	0.0

- (1) In calculating the aggregate Assumed Aircraft Value, we assumed that the appraised value of each Eligible Aircraft determined as described under Description of the Aircraft and the Appraisals declines in accordance with the Depreciation Assumption described under Description of the Equipment Notes Loan to Value Ratios of Equipment Notes. Other rates or methods of depreciation could result in materially

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- different LTVs. We cannot assure you that the depreciation rate and method assumed for purposes of the above table are the ones most likely to occur or predict the actual future value of any Eligible Aircraft. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals should not be relied upon as a measure of realizable value of the Aircraft.
- (2) The pool balance for each class of Certificates indicates, as of any date, after giving effect to any principal distributions expected to be made on such date, the portion of the original face amount of such class of Certificates that has not been distributed to the Certificateholders of such class.
- (3) We obtained the LTVs for each class of Certificates for each Regular Distribution Date by dividing (i) the expected outstanding pool balance of such class of Certificates (together, in the case of the Class B Certificates, with the expected outstanding pool balance of the Class A Certificates) after giving effect to the principal distributions expected to be made on such date, by (ii) the aggregate Assumed Aircraft Value of all of the Aircraft expected to be included in the collateral pool on such date based on the assumptions described above. The outstanding pool balances and LTVs for any date could change if, among other things, (v) any Equipment Notes are redeemed or purchased, (w) a default in payment on any Equipment Notes occurs, (x) any Aircraft is not subjected to an Indenture and the related Equipment Notes are not acquired by the Trusts, (y) any Eligible Aircraft is subjected to an Indenture other than in the delivery month currently scheduled therefor as described under Description of the Aircraft and the Appraisals, or (z) any Early Delivery Aircraft is not financed before October 1, 2016 and the portion of the Deposits for each such Early Delivery Aircraft in an amount equal to the principal amortization installment scheduled for payment thereon on October 1, 2016 for such Early Delivery Aircraft is not distributed to the holders of the Certificates on October 1, 2016 as described under Description of the Deposit Agreements Other Withdrawals and Return of Deposits.

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Cash Flow Structure

This diagram illustrates the structure for the offering of the Certificates and certain cash flows.

- (1) Spirit will issue Series A Equipment Notes and Series B Equipment Notes in respect of each Aircraft. The Equipment Notes will be issued under a separate Indenture with respect to each Aircraft.
- (2) The separate Liquidity Facility for each of the Class A Certificates and Class B Certificates is expected to cover up to three semiannual interest distributions on the Class A Certificates and Class B Certificates, respectively, except that the Liquidity Facilities will not cover interest on the Deposits. Certain distributions to the Liquidity Provider for each class of Certificates will be made prior to distributions on the Class A Certificates and Class B Certificates, as discussed under Description of the Intercreditor Agreement Priority of Distributions.
- (3) The proceeds from the sale of each class of Certificates will initially be held in escrow and deposited with the Depositary, pending the financing of each Aircraft under the related Indenture. The Depositary will hold such funds as interest-bearing Deposits. Each Trust will withdraw funds from the Deposits relating to such Trust to purchase from Spirit the related series of Equipment Notes from time to time as each Aircraft is subjected to the related Indenture. The Scheduled Payments of interest on the Equipment Notes held by, and on the Deposits relating to, a Trust, taken together, will be sufficient to pay accrued interest on the

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outstanding Certificates of such Trust. Under certain circumstances, funds in Deposits relating to a Trust will be withdrawn prior to the Delivery Period Termination Date and distributed to the holders of Certificates of such Trust, together with accrued and unpaid interest thereon, but without any premium. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits. If any funds remain as Deposits with respect to any Trust as of the Delivery Period Termination Date, such remaining funds will be distributed, with accrued and unpaid interest on such remaining funds, but without any premium, to the holders of the Certificates of such Trust. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits. No interest will accrue with respect to the Deposits after they have been fully withdrawn.

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The Offering

Trusts	Each of the Class A Trust and Class B Trust will be formed pursuant to a separate trust supplement to be entered into between Spirit and Wilmington Trust, National Association to a basic pass through trust agreement to be entered into between Spirit and Wilmington Trust, National Association, as Trustee under each Trust. Each class of Certificates will represent fractional undivided interests in the related Trust.
Certificates Offered	<p style="text-align: center;">Class A Certificates.</p> <p style="text-align: center;">Class B Certificates.</p>
Use of Proceeds	<p>The proceeds from the sale of the Certificates of each Trust will initially be held in escrow and deposited with the Depositary, pending the financing of each Aircraft under the related Indenture. Each Trust will withdraw funds from the escrow relating to such Trust to acquire from Spirit the related series of Equipment Notes to be issued as each Aircraft is subjected to the related Indenture.</p> <p>The Equipment Notes will be full recourse obligations of Spirit. Spirit will use the proceeds from the issuance of the Equipment Notes issued with respect to the Aircraft to finance the purchase by Spirit of such Aircraft.</p>
Subordination Agent, Trustee, Paying Agent and Loan Trustee	Wilmington Trust, National Association.
Escrow Agent	Wilmington Trust Company.
Depositary	Natixis, acting via its New York Branch.
Liquidity Provider for the Class A Certificates and Class B Certificates	Natixis, acting via its New York Branch.
Trust Property	<p>The property of each Trust will include:</p> <p style="margin-left: 40px;">subject to the Intercreditor Agreement, the Equipment Notes acquired by such Trust on or prior to the Delivery Period Termination Date, all monies at any time paid thereon and all monies due and to become due thereunder;</p> <p style="margin-left: 40px;">the rights of such Trust to acquire the related series of Equipment Notes under the Note Purchase Agreement;</p>

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the rights of such Trust under the applicable Escrow Agreement to request the Escrow Agent to withdraw from the Depositary funds sufficient to enable such Trust to purchase the related series of Equipment Notes upon the financing of an Aircraft under the related Indenture on or prior to the Delivery Period Termination Date;

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the rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights);

all monies receivable under the separate Liquidity Facility for such Trust; and

funds from time to time deposited with the applicable Trustee in accounts relating to such Trust.

Regular Distribution Dates

April 1 and October 1 of each year, commencing on April 1, 2016.

Record Dates

The fifteenth day preceding the related Distribution Date.

Distributions

The Trustee of each Trust will distribute payments of principal, Make-Whole Amount (if any) and interest received on the Equipment Notes held in such Trust to the holders of the Certificates of such Trust, subject to the subordination provisions set forth in the Intercreditor Agreement.

Subject to the subordination provisions set forth in the Intercreditor Agreement,

Scheduled Payments of principal and interest made on the Equipment Notes will be distributed on the applicable Regular Distribution Dates; and

payments in respect of, or any proceeds of, any Equipment Notes or the Collateral under any Indenture, including payments resulting from any early redemption of such Equipment Notes, will be distributed on a Special Distribution Date after not less than 15 days' notice to Certificateholders.

See [Escrowed Funds](#) and [Withdrawal and Return of Escrowed Funds](#) below for a description of various distributions relating to the Deposits under certain circumstances.

Intercreditor Agreement

The Trustees, the Liquidity Providers and the Subordination Agent will enter into the Intercreditor Agreement. The Intercreditor Agreement will prescribe how payments made on the Equipment Notes held by the Subordination Agent and made under each Liquidity Facility will be distributed. The Intercreditor Agreement also will set forth agreements among the Trustees and the Liquidity Providers relating to who will control the exercise of remedies under the Equipment Notes and the Indentures.

Subordination

Under the Intercreditor Agreement, after payment of certain fees and expenses, distributions on the Certificates generally will be made in the following order:

first, to the holders of the Class A Certificates to make distributions in respect of interest on the Class A Certificates;

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second, to the holders of the Class B Certificates to make distributions in respect of interest on the Eligible B Pool Balance;

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third, to the holders of the Class A Certificates to make distributions in respect of the Pool Balance of the Class A Certificates;

fourth, to the holders of the Class B Certificates to make distributions in respect of interest on the Pool Balance of the Class B Certificates not previously distributed under clause second above; and

fifth, to the holders of the Class B Certificates to make distributions in respect of the Pool Balance of the Class B Certificates.

Certain distributions to the Liquidity Providers will be made prior to distributions on the Class A Certificates and Class B Certificates, as discussed under Description of the Intercreditor Agreement Priority of Distributions. In addition, if any Additional Certificates are issued, the priority of distributions may be revised. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

Control of Loan Trustee

The holders of at least a majority of the outstanding principal amount of Equipment Notes issued under each Indenture will be entitled to direct the Loan Trustee under such Indenture in taking action as long as no Indenture Event of Default has occurred and is continuing thereunder. If an Indenture Event of Default has occurred and is continuing under an Indenture, subject to certain conditions, the Controlling Party will be entitled to direct the Loan Trustee under such Indenture in taking action (including in exercising remedies, such as accelerating such Equipment Notes or foreclosing the lien on the Aircraft with respect to which such Equipment Notes were issued).

The Controlling Party will be:

if Final Distributions have not been paid in full to the holders of the Class A Certificates, the Class A Trustee;

if Final Distributions have been paid in full to the holders of the Class A Certificates, but not to the holders of the Class B Certificates, the Class B Trustee;

if any class or classes of Additional Certificates are outstanding and if Final Distributions have been paid in full to the holders of the Class A Certificates and the holders of the Class B Certificates, the trustee for the Additional Trust for the class of Additional Certificates generally ranked most senior in priority of payment among all classes of Additional Certificates then outstanding for which Final Distributions have not been paid in full; and

under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the greatest amount owed to it.

Limitation on Sale of Aircraft or Equipment Notes

In exercising remedies during the nine months after the earlier of (a) the acceleration of the Equipment Notes issued pursuant to any Indenture

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and (b) the bankruptcy or insolvency of Spirit, the Controlling Party may not, without the consent of each Trustee (other than the Trustee of any Trust all of the Certificates of which are held or beneficially owned by Spirit or Spirit's affiliates), direct the sale of such Equipment Notes or the Aircraft subject to the lien of such Indenture for less than certain specified minimum amounts. See Description of the Intercreditor Agreement Intercreditor Rights Limitation on Exercise of Remedies for a description of such minimum amounts and certain other limitations on the exercise of remedies.

Right to Buy Other Classes of Certificates

If Spirit is in bankruptcy and certain other specified events have occurred:

the Class B Certificateholders (other than Spirit or any of its affiliates) will have the right to purchase all, but not less than all, of the Class A Certificates; and

if one or more classes of Additional Certificates have been issued and are outstanding, the holders (other than Spirit or any of its affiliates) of any such class of Additional Certificates will have the right to purchase all, but not less than all, of the Class A Certificates and Class B Certificates and, if applicable, any other class of Additional Certificates generally ranking senior in priority of payment to such class of Additional Certificates. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

The purchase price, in each case described above, of any class of Certificates will be the outstanding Pool Balance of such class of Certificates plus accrued and undistributed interest, without any premium, but including any other amounts then due and payable to the Certificateholders of such class.

Liquidity Facilities

Under the Liquidity Facility for each of the Class A Trust and Class B Trust, the applicable Liquidity Provider will be required, if necessary, to make advances in an aggregate amount sufficient to pay interest distributions on the applicable Certificates on up to three successive semiannual Regular Distribution Dates (without regard to any expected future distributions of principal on such Certificates) at the applicable interest rate for such Certificates. Drawings under the Liquidity Facilities cannot be used to pay any amount in respect of the Certificates other than such interest and will not cover interest payable on amounts held in escrow as Deposits with the Depository. See Description of the Liquidity Facilities for a description of the terms of the Liquidity Facilities, including the threshold rating requirements applicable to the Liquidity Provider.

Notwithstanding the subordination provisions under the Intercreditor Agreement, the holders of the Certificates of a Trust will be entitled to receive and retain the proceeds of interest drawings under the Liquidity Facility for such Trust.

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Upon each drawing under any Liquidity Facility to pay interest distributions on the related Certificates, the Subordination Agent will be obligated to reimburse the applicable Liquidity Provider for the amount of such drawing, together with interest on that drawing at the interest rate provided for in such Liquidity Facility. Such reimbursement obligation and all interest, fees and other amounts owing to the Liquidity Provider under each Liquidity Facility and certain other agreements will rank equally with comparable obligations relating to the other Liquidity Facility and will rank senior to all of the Certificates in right of payment.

Escrowed Funds

Funds in escrow for the Certificateholders of each Trust will be held by the Depositary as Deposits relating to such Trust. Subject to certain conditions, each Trustee may withdraw these funds from time to time to purchase the related series of Equipment Notes in respect of an Aircraft on or prior to the Delivery Period Termination Date. On each applicable Regular Distribution Date, the Depositary will pay interest accrued on the Deposits relating to each Trust at a rate per annum equal to the interest rate applicable to the Certificates issued by such Trust. The Deposits relating to each Trust and interest paid thereon will not be subject to the subordination provisions under the Intercreditor Agreement. The Deposits cannot be used to pay any other amount in respect of the Certificates. See Description of the Deposit Agreements for a description of the terms of the deposit arrangements, including the threshold rating requirements applicable to the Depositary.

Withdrawal and Return of Escrowed Funds

Under certain circumstances, less than all of the Deposits held in escrow may have been used to purchase the Equipment Notes to be issued with respect to the Aircraft by the Delivery Period Termination Date. This could occur because of delays in delivery of any Eligible Aircraft or because of delays in financing any Aircraft under the related Indenture. See Description of the Certificates Obligation to Purchase Equipment Notes. If any funds remain as Deposits with respect to any Trust as of the Delivery Period Termination Date, such remaining funds will be withdrawn by the Escrow Agent and distributed by the Paying Agent, with accrued and unpaid interest on such remaining funds, but without any premium, to the Certificateholders of such Trust on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution or, under certain circumstances, such remaining funds will be automatically returned by the Depositary to the Paying Agent on the Outside Termination Date, and the Paying Agent will distribute such funds to such Certificateholders as promptly as practicable thereafter. In addition, if a Triggering Event occurs prior to the Delivery Period Termination Date, any Deposits held in escrow will also be withdrawn and distributed to the applicable Certificateholders. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits.

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If any Early Delivery Aircraft is not financed before October 1, 2016, a portion of the funds in the Deposits for such Early Delivery Aircraft in an amount equal to the principal amortization installment scheduled for payment for such Early Delivery Aircraft on October 1, 2016 will be withdrawn and distributed, without any premium, to the holders of the Certificates on October 1, 2016. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits.

Obligation to Purchase Equipment Notes

The Trustees will be obligated to purchase the Equipment Notes issued with respect to each Aircraft on or prior to the Delivery Period Termination Date pursuant to the terms and conditions of the Note Purchase Agreement and the forms of financing agreements attached to the Note Purchase Agreement. On and subject to the terms and conditions of the Note Purchase Agreement and the forms of financing agreements attached to the Note Purchase Agreement, Spirit will agree to enter into a secured debt financing with respect to each Aircraft on or prior to March 31, 2017 with the relevant parties pursuant to financing agreements that are substantially in the forms attached to the Note Purchase Agreement. Spirit may use financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement so long as Spirit obtains written confirmation from each Rating Agency to the effect that the use of such modified financing agreements will not result in a withdrawal, suspension or downgrading of the rating of each class of Certificates then rated by such Rating Agency and that remains outstanding. The terms of such financing agreements also must in any event comply with the Required Terms set forth in the Note Purchase Agreement. In addition, Spirit, subject to certain exceptions, is obligated to certify to the Trustees that any substantive modifications do not materially and adversely affect the Certificateholders or any Liquidity Provider. See Description of the Certificates Obligation to Purchase Equipment Notes.

Under the Note Purchase Agreement, the Trustees will not be obligated to purchase the Equipment Notes to be issued with respect to any Aircraft not yet financed if a Triggering Event occurs or certain specified conditions are not met. See Description of the Certificates Obligation to Purchase Equipment Notes.

With respect to any Early Delivery Aircraft, if such Early Delivery Aircraft is not financed before October 1, 2016, the initial principal amount of the Equipment Notes for such Early Delivery Aircraft to be purchased by the Trustees pursuant to the Note Purchase Agreement will be reduced by an amount equal to the principal amortization installment scheduled for payment on October 1, 2016. See Description of the Certificates Obligation to Purchase Equipment Notes.

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Possible Issuance of Additional Certificates

One or more classes of additional pass through certificates may be issued at any time and from time to time. Each class of additional pass through certificates will evidence fractional undivided ownership interests in a related new series of subordinated equipment notes with respect to any or all of the Aircraft. Consummation of any such transaction will be subject to satisfaction of certain conditions, including receipt of confirmation from each Rating Agency to the effect that such transaction will not result in a withdrawal, suspension or downgrading of the rating for each class of Certificates then rated by such Rating Agency and that remains outstanding. The issuance of any additional pass through certificates in compliance with such conditions will not require the consent of any Trustee or any holders of any class of Certificates. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

If any Additional Certificates are issued, under certain circumstances, the holders of the Additional Certificates will have certain rights to purchase the Class A Certificates and Class B Certificates. See Description of the Certificates Certificate Buyout Right of Certificateholders. In addition, if any Additional Certificates are issued, the priority of distributions in the Intercreditor Agreement may be revised such that certain obligations relating to interest on the Additional Certificates may rank ahead of certain obligations with respect to the Class A Certificates and Class B Certificates. In addition, the Additional Certificates may have the benefit of credit support (including a liquidity facility). See Possible Issuance of Additional Certificates and Refinancing of Certificates.

Possible Refinancing of Certificates

Spirit may elect at any time and from time to time to:

redeem all (but not less than all) of the Series B Equipment Notes (or any series of Additional Equipment Notes) then outstanding and issue, with respect to any or all of the Aircraft, new equipment notes with the same series designation as, but with terms that may be the same as or different from those of, the redeemed Equipment Notes; or

following the payment in full of all (but not less than all) of the Series B Equipment Notes (or any series of Additional Equipment Notes) then outstanding, issue, with respect to any or all of the Aircraft, new equipment notes with the same series designation as, but with terms that may be the same as or different from those of, such Equipment Notes that have been paid in full.

In either such case, Spirit will fund the sale of any such series of Equipment Notes through the sale of pass through certificates issued by a related pass through trust.

Consummation of any such transaction will be subject to satisfaction of certain conditions, including receipt of confirmation from each

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Rating Agency to the effect that such transaction will not result in a withdrawal, suspension or downgrading of the rating for each class of Certificates then rated by such Rating Agency and that remains outstanding. The issuance of any such series of equipment notes in compliance with such conditions will not require the consent of any Trustee or any holders of any class of Certificates. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

Equipment Notes

- (a) Issuer Under each Indenture, Spirit will issue Series A Equipment Notes and Series B Equipment Notes, which will be acquired, respectively, by the Class A Trust and Class B Trust.
- (b) Interest The issued and outstanding Equipment Notes held in each Trust will accrue interest at the Stated Interest Rate for the Certificates issued by such Trust. Interest on the issued and outstanding Equipment Notes will be payable on April 1 and October 1 of each year, commencing on the first such date to occur after the issuance thereof, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.
- (c) Principal Principal payments on the issued and outstanding Series A Equipment Notes and Series B Equipment Notes are scheduled to be made in specified amounts on April 1 and October 1 in certain years, (i) commencing on October 1, 2016 in the case of the Early Delivery Aircraft and April 1, 2017 in the case of the Later Delivery Aircraft and (ii) ending on April 1, 2028 in the case of the Series A Equipment Notes and April 1, 2024 in the case of the Series B Equipment Notes. See Description of the Equipment Notes Principal and Interest Payments.
- (d) Rankings The following subordination provisions will be applicable to the Equipment Notes issued under the Indentures:
- the indebtedness evidenced by the Series B Equipment Notes issued under an Indenture will be, to the extent and in the manner provided in such Indenture, subordinate and subject in right of payment to the Series A Equipment Notes issued under such Indenture;
- if Spirit issues any Additional Equipment Notes under an Indenture, (i) the indebtedness evidenced by the series of Additional Equipment Notes ranked most senior in priority of payment among all series of Additional Equipment Notes will be, to the extent and in the manner provided in such Indenture (as may be amended in connection with any issuance of such most senior Additional Equipment Notes), subordinate and subject in right of payment to the Series A Equipment Notes and Series B Equipment Notes issued under such Indenture and (ii) the indebtedness evidenced by any series of Additional Equipment Notes (other than the series of Additional Equipment Notes ranked most senior in priority of

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payment among all series of Additional Equipment Notes) will be, to the extent and in the manner provided in such Indenture (as may be amended in connection with any issuance of such Additional Equipment Notes), subordinate and subject in right of payment to the Series A Equipment Notes, Series B Equipment Notes and each series of Additional Equipment Notes that rank senior in priority of payment to such series of Additional Equipment Notes issued under such Indenture (see Possible Issuance of Additional Certificates and Refinancing of Certificates); and

the indebtedness evidenced by the Series A Equipment Notes, the Series B Equipment Notes and any Additional Equipment Notes issued under an Indenture will be, to the extent and in the manner provided in the other Indentures, subordinate and subject in right of payment under such other Indentures to the Equipment Notes issued under such other Indentures.

By virtue of the Intercreditor Agreement, all of the Equipment Notes held by the Subordination Agent will be effectively cross-subordinated. This means that payments received on a junior series of Equipment Notes issued in respect of one Aircraft may be applied in accordance with the priority of payment provisions set forth in the Intercreditor Agreement to make distributions on a more senior class of Certificates. See Description of the Intercreditor Agreement Priority of Distributions.

(e) Redemption

Aircraft Event of Loss. Under an Indenture, if an Event of Loss occurs with respect to an Aircraft, Spirit will either:

substitute for such Aircraft under the related financing agreements an aircraft meeting certain requirements; or

redeem all of the outstanding Equipment Notes issued with respect to such Aircraft.

The redemption price in such case will be the unpaid principal amount of such Equipment Notes to be redeemed, together with accrued and unpaid interest, but without any premium.

Optional Redemption. Spirit may elect to redeem at any time prior to maturity all of the outstanding Equipment Notes issued with respect to an Aircraft; *provided* that all outstanding Equipment Notes issued with respect to all other Aircraft are simultaneously redeemed. In addition, Spirit may elect to redeem all of the outstanding Series B Equipment Notes or all of the outstanding Additional Equipment Notes of any series, in each case, in connection with a refinancing of such series or without refinancing. See Possible Issuance of Additional Certificates and Refinancing of Certificates. The redemption price in each such case will be the unpaid principal amount of such Equipment Notes being redeemed, together with accrued and unpaid interest, plus the Make-Whole Amount (if any). See Description of the Equipment Notes Redemption.

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(f) Security and cross-collateralization

The outstanding Equipment Notes issued with respect to each Aircraft will be secured by, among other things, a security interest in such Aircraft.

In addition, the Equipment Notes will be cross-collateralized to the extent described under Description of the Equipment Notes Security and Description of the Equipment Notes Subordination. This means, among other things, that any proceeds from the sale of any Aircraft by the Loan Trustee or other exercise of remedies under the related Indenture following an Indenture Event of Default under such Indenture will (after all of the Equipment Notes issued under such Indenture have been paid off, and subject to the provisions of Title 11 of the United States Code, the U.S. Bankruptcy Code (the *Bankruptcy Code*)) be available for application to shortfalls with respect to the Equipment Notes issued under the other Indentures and the other obligations secured by the other Indentures that are due at the time of such application. In the absence of any such shortfall at the time of such application, such excess proceeds will be held by the Loan Trustee under such Indenture as additional collateral for the Equipment Notes issued under each of the other Indentures and will be applied to the payments in respect of the Equipment Notes issued under such other Indentures as they come due. However, if any Equipment Note ceases to be held by the Subordination Agent (as a result of sale during the exercise of remedies by the Controlling Party or otherwise), such Equipment Note will cease to be entitled to the benefits of cross-collateralization. Any cash Collateral held as a result of the cross-collateralization of the Equipment Notes would not be entitled to the benefits of Section 1110 of the Bankruptcy Code (*Section 1110*).

If the Equipment Notes issued under any Indenture are repaid in full in the case of an Event of Loss with respect to the applicable Aircraft, the lien on such Aircraft under such Indenture will be released. At any time on or after the latest Final Maturity Date of the Equipment Notes issued in respect of an Aircraft, if all obligations secured under all of the Indentures that are then due and payable have been paid, the lien on such Aircraft under the applicable Indenture will be released and such Aircraft will cease to be included in the collateral pool. Once the lien on any Aircraft is released, such Aircraft will no longer secure the amounts that may be owing under any Indenture.

(g) Airframe Substitution

Spirit may, at any time and from time to time, with respect to any Aircraft, substitute for the related Airframe an airframe of the same model or a comparable or improved model of the manufacturer of the Aircraft, free and clear of all liens (other than permitted liens), and release the Airframe being substituted from the lien of the related Indenture, so long as:

no Indenture Event of Default has occurred and is continuing at the time of substitution;

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the substitute airframe has a date of manufacture no earlier than one year prior to the date of manufacture of the Airframe subject to the lien of such related Indenture on the issuance date of the Series A Equipment Notes under such related Indenture; and

the substitute airframe has an appraised current market value, adjusted for its maintenance status, at least equal to the Airframe being substituted by such substitute airframe (assuming that the Airframe being substituted has been maintained in accordance with such related Indenture).

See Description of the Equipment Notes Security Substitution of Airframe.

(h) Cross-default

There will be cross-default provisions in the Indentures. This means that if the Equipment Notes issued with respect to one Aircraft are in a continuing default, the Equipment Notes issued with respect to the remaining Aircraft will also be in default, and remedies will be exercisable with respect to all Aircraft.

(i) Section 1110 Protection

Spirit's internal counsel will provide an opinion to the Trustees that the benefits of Section 1110 will be available for each of the Aircraft.

Certain U.S. Federal Income Tax Consequences

The Trusts themselves will not be subject to U.S. federal income tax. See Certain U.S. Federal Income Tax Consequences.

Certain ERISA Considerations

Each person who purchases or holds a Certificate or an interest therein will be deemed to have represented that either:

no assets of a Plan or of any trust established with respect to a Plan have been used to purchase or hold such Certificate or an interest therein; or

the purchase and holding of such Certificate or an interest therein by such person are exempt from the prohibited transaction restrictions of ERISA and the Internal Revenue Code of 1986, as amended (the *Code*) or provisions of Similar Law pursuant to one or more prohibited transaction statutory or administrative exemptions and do not violate Similar Law.

See Certain ERISA Considerations.

Governing Law

The Certificates and the Equipment Notes will be governed by the laws of the State of New York.

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The following tables summarize the historical financial and operating data for our business for the periods presented. You should read this summary financial data and operating data in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements and related notes, all included elsewhere in this prospectus supplement.

We derived the summary statements of operations data for the years ended December 31, 2014, 2013 and 2012 and balance sheet data as of December 31, 2014, 2013 and 2012 from our audited financial statements included in this prospectus supplement. We derived the summary statements of operations data for the years ended December 31, 2011 and 2010 and balance sheet data as of December 31, 2011 and 2010 from our audited financial statements not included in this prospectus supplement. We derived the summary statements of operations data for the six months ended June 30, 2015 and 2014 and the balance sheet data as of June 30, 2015 from our unaudited condensed financial statements included in this prospectus supplement. We derived the summary balance sheet data as of June 30, 2014 from our unaudited condensed financial statements not included in this prospectus supplement. Our historical results are not necessarily indicative of the results to be expected in the future, and results for the six months ended June 30, 2015 are not necessarily indicative of results to be expected for the full year.

Selected Financial Data

(in thousands, except Ratio of Earnings to Fixed Charges)	Six Months ended June 30,		2014	Year ended December 31,			
	2015	2014		2013	2012	2011	2010(1)
Summary of Operations:							
Operating revenue	\$ 1,046,776	\$ 937,324	\$ 1,931,580	\$ 1,654,385	\$ 1,318,388	\$ 1,071,186	\$ 781,265
Operating expenses(2)(3)	815,210	772,227	1,576,317	1,372,093	1,144,398	926,804	712,392
Operating income	231,566	165,097	355,263	282,292	173,990	144,382	68,873
Net income(4)(5)(6)	145,706	102,555	225,464	176,918	108,460	76,448	72,481
Balance Sheet Items:							
Cash and cash equivalents	\$ 769,324	\$ 567,239	\$ 632,784	\$ 530,631	\$ 416,816	\$ 343,328	\$ 82,714
Property and equipment, net	568,588	37,993	225,375	35,613	28,403	23,210	19,329
Total assets(7)	2,105,337	1,349,850	1,602,396	1,180,765	919,884	745,813	475,157
Long-term debt, including current portion(7)	428,651		145,663				280,227
Shareholders' equity (deficit)	1,082,280	875,611	1,003,075	769,117	582,535	466,706	(105,077)
Other Data:							
Ratio of Earnings to Fixed Charges(8)	7.5x	6.0x	6.2x	5.4x	3.8x	2.6x	1.2x

- (1) We estimate that our 2010 pilot strike had a net negative impact on our operating income for 2010 of approximately \$24 million consisting of an estimated \$28 million in lost revenues and approximately \$4 million of incremental costs resulting from the strike, offset in part by a reduction of variable expenses during the strike of approximately \$8 million for flights not flown. Additionally, under the terms of the new 2010 pilot contract, we also paid \$2.3 million in return-to-work payments during the second quarter, which are not included in the strike impact costs described above.

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- (2) Within operating expenses, aircraft fuel expense is the sum of (i) into-plane fuel cost, which includes the cost of jet fuel and certain other charges such as fuel taxes and oil, (ii) realized gains and losses related to fuel derivative contracts and (iii) unrealized gains and losses related to fuel derivative contracts. The following table summarizes the components of aircraft fuel expense for the periods presented:

(in thousands)	Six Months ended June 30,		Year ended December 31,				2010
	2015	2014	2014	2013	2012	2011	
	(unaudited)						
Into-plane fuel cost	\$ 235,468	\$ 302,856	\$ 608,033	\$ 542,523	\$ 471,542	\$ 392,278	\$ 251,754
Realized losses (gains)	6,839		995	8,958	175	(7,436)	(1,483)
Unrealized mark-to-market losses (gains)	(1,974)	467	3,881	265	46	3,204	(2,065)
Aircraft fuel expense	\$ 240,333	\$ 303,323	\$ 612,909	\$ 551,746	\$ 471,763	\$ 388,046	\$ 248,206

- (3) Includes special charges (credits). Special charges (credits) include: (i) for 2010, amounts relating to the sale of previously expensed MD-80 parts; (ii) for 2010 and 2011 amounts relating to exit facility costs associated with moving our Detroit, Michigan maintenance operations to Fort Lauderdale, Florida; (iii) termination costs in connection with Spirit's initial public offering of common stock (IPO) during the three months ended June 30, 2011 comprised of amounts paid to Indigo Partners, LLC to terminate its professional services agreement with us and fees paid to three individual, unaffiliated holders of our subordinated notes; (iv) for 2011 and 2012, a \$9.1 million gain related to the sale of four permanent air carrier slots at Ronald Reagan National Airport (DCA) offset by costs connected with secondary offerings of our common stock in 2012; and for 2013, costs related to a 2013 secondary offering of our common stock; (v) for 2013 and 2014, \$0.1 million in costs related to the DCA exit. For more information, please see Management's Discussion and Analysis of Financial Condition and Results of Operations Year Ended December 31, 2014 Our Operating Expenses Special Charges (Credits).
- (4) Includes interest expense. Substantially all of the interest expense recorded in 2010 and 2011 relates to notes and preferred stock held by our principal stockholders that were repaid or redeemed, or exchanged for shares of common stock, in connection with the recapitalization in 2011 that was effected in connection with the IPO that resulted in the repayment or conversion of all of our notes and shares of preferred stock into shares of common stock. Interest expense in 2012 and 2013 primarily relates to interest related to the Tax Receivable Agreement, dated as of June 1, 2011 between Spirit Airlines, Inc., Indigo Pacific Partners LLC, and OCM FIE, LLC (the TRA). Interest expense in 2014 primarily relates to interest related to the long-term debt, commitment fees and underpayment of Federal Excise Tax for fuel purchases during the period between July 1, 2009 and August 31, 2014.
- (5) Includes interest attributable to funds used to finance the acquisition of new aircraft, including PDPs is capitalized as an additional cost of the related asset.
- (6) Net income for 2010 includes a \$52.3 million net tax benefit primarily due to the release of a valuation allowance resulting in a deferred tax benefit of \$52.8 million in 2010. Absent the release of the valuation allowance and corresponding tax benefit, our net income would have been \$19.7 million for 2010.
- (7) Debt issuance costs as of December 31, 2014 and December 31, 2010 have been reclassified in the amount of approximately \$0.6 million and \$0.6 million, respectively, to conform to the current year's presentation due to the early adoption of ASU 2015-03, Interest-Imputation of Interest, which requires debt issuance costs to be presented on the balance sheet as a direct deduction from the related debt liability rather than as an asset. See Note 1 and Note 2 to our unaudited condensed financial statements for the quarter ended June 30, 2015 included elsewhere in this prospectus supplement.
- (8) For purposes of computing this ratio of earnings to fixed charges, fixed charges consist of interest expense on all indebtedness plus amortization of debt issuance costs and an estimate of interest expense within rental expense and earnings consist of pre-tax income (loss) from continuing operations plus fixed charges. For more information, please see Ratio of Earnings to Fixed Charges.

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	Six Months ended June 30,		Year ended December 31,		
	2015	2014	2014	2013	2012
Scheduled Operations:(1)					
Passenger flight segments (PFSs) (thousands)	8,494	6,833	14,294	12,414	10,423
Revenue passenger miles (RPMs) (thousands)	8,498,622	6,795,746	14,159,860	12,001,088	9,663,721
Available seat miles (ASMs) (thousands)	9,942,762	7,793,234	16,340,142	13,861,393	11,344,731
Average yield (cents)	12.32	13.79	13.64	13.79	13.64
Load factor (%)	85.5%	87.2%	86.7%	86.6%	85.2%
Total Operations:					
Revenue per available seat mile (RASM) (cents)	10.53	12.03	11.82	11.94	11.62
CASM (cents)	8.20	9.91	9.65	9.90	10.09
Adjusted CASM (cents)(2)	8.20	9.89	9.55	9.89	10.15
Adjusted CASM ex-fuel (cents)(2)(3)	5.76	6.01	5.88	5.91	6.00
Fuel gallons consumed (thousands)	119,857	96,078	200,498	171,931	142,991
Average economic fuel cost per gallon (\$)	2.02	3.15	2.99	3.21	3.30

- (1) See Management's Discussion and Analysis of Financial Condition and Results of Operations - Glossary of Airline Terms for definitions of terms used in this table.
- (2) Excludes special charges (credits) of \$0.6 million (less than 0.01 cents per ASM) in 2010, \$3.2 million (0.03 cents per ASM) in 2011, \$(8.5) million ((0.07) cents per ASM) in 2012, \$0.2 million (less than 0.01 cents per ASM) in 2013 and \$0.0 million (less than 0.01 cents per ASM) in 2014. These amounts are excluded from all calculations of Adjusted CASM. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations - Year Ended December 31, 2014 - Our Operating Expenses - Special Charges (Credits). Also excludes unrealized (gains) and losses related to fuel derivative contracts of \$(2.1) million ((0.03) cents per ASM) in 2010, \$3.2 million (0.03 cents per ASM) in 2011, \$0.0 million (less than 0.01 cents per ASM) in 2012, \$0.3 million (less than 0.01 cent per ASM) in 2013 and \$3.9 million (0.02 cents per ASM) in 2014. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations - Year Ended December 31, 2014 - Critical Accounting Policies and Estimates. Excludes unrealized gains related to fuel derivative contracts of 0.02 cent per ASM, loss on disposal of assets of 0.01 cent per ASM and special charges of 0.01 cent per ASM for the six months ended June 30, 2015 and excludes unrealized losses related to fuel derivative contracts of less than 0.01 cent per ASM, loss on disposal of assets of 0.01 cent per ASM and special charges of less than 0.01 cent per ASM for the six months ended June 30, 2014. Please see our Second Quarter 2015 10-Q.
- (3) Excludes aircraft fuel expense, loss on disposal of assets, and special charges and credits.

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RISK FACTORS

In considering whether to purchase the Certificates, you should carefully consider all of the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related company free writing prospectus and other information which may be incorporated by reference in this prospectus supplement and the accompanying prospectus after the date hereof. In addition, you should carefully consider the risk factors described below, along with any risk factors that may be included in our future reports filed with the SEC.

Risks Related to Our Industry

We operate in an extremely competitive industry.

We face significant competition with respect to routes, fares and services. Within the airline industry, we compete with traditional network airlines, other low-cost airlines and regional airlines on many of our routes. Competition in most of the destinations we presently serve is intense, due to the large number of carriers in those markets. Furthermore, other airlines may begin service or increase existing service on routes where we currently face no or little competition. Most of our competitors are larger and have significantly greater financial and other resources than we do.

The airline industry is particularly susceptible to price discounting because once a flight is scheduled, airlines incur only nominal additional costs to provide service to passengers occupying otherwise unsold seats. Increased fare or other price competition could adversely affect our operations. Moreover, many other airlines have begun to unbundle services by charging separately for services such as baggage and advance seat selection. This unbundling and other cost reducing measures could enable competitor airlines to reduce fares on routes that we serve.

In addition, airlines increase or decrease capacity in markets based on perceived profitability. Decisions by our competitors that increase overall industry capacity, or capacity dedicated to a particular domestic or foreign region, market or route, could have a material adverse impact on our business. If a traditional network airline were to successfully develop a low-cost structure or if we were to experience increased competition from other low-cost carriers, our business could be materially adversely affected.

All of the domestic traditional network airlines have on one or more occasions initiated bankruptcy proceedings in attempts to restructure their debt and other obligations and reduce their operating costs. On November 29, 2011, AMR Corporation and substantially all of its subsidiaries, including American Airlines, Inc., filed a petition for relief under Chapter 11 of the U.S. Bankruptcy Code. In December 2013, AMR Corporation and US Airways Group, Inc. completed a merger and formally became American Airlines Group Inc. We presently compete with American Airlines in a majority of our markets. We cannot predict the extent to which this merger will result in a more effective competitor with us.

Our growth and the success of our ULCC business model could stimulate competition in our markets through our competitors' development of their own ULCC strategies or new market entrants. Any such competitor may have greater financial resources and access to cheaper sources of capital than we do, which could enable them to operate their business with a lower cost structure than we can. If these competitors adopt and successfully execute a ULCC business model, we could be materially adversely affected.

There has been significant consolidation within the airline industry including, for example, the combinations of American Airlines and US Airways, Delta Air Lines and Northwest Airlines, United Airlines and Continental Airlines and Southwest Airlines and AirTran Airways. In the future, there may be additional consolidation in our industry. Any business combination could significantly alter industry conditions and competition within the airline industry and could cause fares of our competitors to be reduced.

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The extremely competitive nature of the airline industry could prevent us from attaining the level of passenger traffic or maintaining the level of fares or revenues related to ancillary services required to sustain profitable operations in new and existing markets and could impede our growth strategy, which could harm our operating results. Due to our relatively small size, we are susceptible to a fare war or other competitive activities in one or more of the markets we serve, which could have a material adverse effect on our business, results of operations and financial condition.

Our low cost structure is one of our primary competitive advantages, and many factors could affect our ability to control our costs.

Our low cost structure is one of our primary competitive advantages. However, we have limited control over many of our costs. For example, we have limited control over the price and availability of aircraft fuel, aviation insurance, airport and related infrastructure taxes, the cost of meeting changing regulatory requirements and our cost to access capital or financing. In addition, the compensation and benefit costs applicable to a significant portion of our employees are established by the terms of our collective bargaining agreements. We cannot guarantee we will be able to maintain a cost advantage over our competitors. If our cost structure increases and we are no longer able to maintain a cost advantage over our competitors, it could have a material adverse effect on our business, results of operations and financial condition.

The airline industry is heavily impacted by the price and availability of aircraft fuel. Continued volatility in fuel costs or significant disruptions in the supply of fuel, including hurricanes and other events affecting the Gulf Coast in particular, could materially adversely affect our business, results of operations and financial condition.

Aircraft fuel costs represent our single largest operating cost, accounting for 29.5% and 39.3% of our total operating expenses for the six months ended June 30, 2015 and 2014, respectively, and 38.9%, 40.2% and 41.2% of our total operating expenses for 2014, 2013 and 2012, respectively. As such, our operating results are significantly affected by changes in the availability and the cost of aircraft fuel, especially aircraft fuel refined in the U.S. Gulf Coast region, on which we are highly dependent. Both the cost and the availability of aircraft fuel are subject to many meteorological, economic and political factors and events occurring throughout the world, which we can neither control nor accurately predict. For example, a major hurricane making landfall along the Gulf Coast could cause disruption to oil production, refinery operations and pipeline capacity in that region, possibly resulting in significant increases in the price of aircraft fuel and diminished availability of aircraft fuel supplies. Any disruption to oil production, refinery operations, or pipeline capacity in the Gulf Coast region could have a disproportionate impact on our operating results compared to other airlines that have more diversified fuel sources.

Aircraft fuel prices have been subject to high volatility, fluctuating substantially over the past several years. Due to the large proportion of aircraft fuel costs in our total operating cost base, even a relatively small increase in the price of aircraft fuel can have a significant negative impact on our operating costs and on our business, results of operations and financial condition.

Our fuel derivative activity may not reduce our fuel costs.

From time to time, we enter into fuel derivative contracts in order to mitigate the risk to our business from future volatility in fuel prices. Our derivatives generally consist of United States Gulf Coast jet fuel swaps (jet fuel swaps) and United States Gulf Coast jet fuel options (jet fuel options). Both jet fuel swaps and jet fuel options are used at times to protect the refining risk between the price of crude oil and the price of refined jet fuel, and to manage the risk of increasing fuel prices. As of June 30, 2015, we had jet fuel option agreements in place to protect approximately 19.1% of our 2015 anticipated fuel consumption. There can be no assurance that we will be able to enter into fuel derivative contracts in the future. Our liquidity and general level of capital resources impacts our ability to hedge our fuel requirements. Even if we are able to hedge portions of our future

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fuel requirements, we cannot guarantee that our derivative contracts will provide sufficient protection against increased fuel costs or that our counterparties will be able to perform under our derivative contracts, such as in the case of a counterparty's insolvency. Furthermore, our ability to react to the cost of fuel, absent hedging, is limited because we set the price of tickets in advance of incurring fuel costs. Our ability to pass on any significant increases in aircraft fuel costs through fare increases could also be limited. In the event of a reduction in fuel prices compared to our hedged position, our hedged positions could counteract the cost benefit of lower fuel prices and may require us to post cash margin collateral. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations Year Ended December 31, 2014 Trends and Uncertainties Affecting Our Business Aircraft Fuel.

Restrictions on or increased taxes applicable to charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition.

During the six months ended June 30, 2015 and 2014, we generated non-ticket revenues of \$464.7 million and \$381.0 million, respectively, and during 2014, 2013 and 2012, we generated non-ticket revenues of \$786.6 million, \$668.4 million and \$535.6 million, respectively. Our non-ticket revenues are generated from charges for, among other things, baggage, bookings through certain of our distribution channels, advance seat selection, itinerary changes and loyalty programs. The Department of Transportation (DOT) has rules governing many facets of the airline-consumer relationship, including, for instance, price advertising, tarmac delays, bumping of passengers from flights, ticket refunds and the carriage of disabled passengers. If we are not able to remain in compliance with these rules, the DOT may subject us to fines or other enforcement action, including requirements to modify our passenger reservations system, which could have a material adverse effect on our business. The U.S. Congress and Federal administrative agencies have investigated the increasingly common airline industry practice of unbundling the pricing of certain products and services. If new taxes are imposed on non-ticket revenues, or if other laws or regulations are adopted that make unbundling of airline products and services impermissible, or more cumbersome or expensive, our business, results of operations and financial condition could be harmed. Congressional and other government scrutiny may also change industry practice or public willingness to pay for ancillary services. See also We are subject to extensive regulation by the Federal Aviation Administration, the Department of Transportation and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business and financial results.

The airline industry is particularly sensitive to changes in economic conditions. Continued adverse economic conditions or a reoccurrence of such conditions would negatively impact our business, results of operations and financial condition.

Our business and the airline industry in general are affected by many changing economic conditions beyond our control, including, among others:

changes and volatility in general economic conditions, including the severity and duration of any downturn in the U.S. or global economy and financial markets;

changes in consumer preferences, perceptions, spending patterns or demographic trends, including any increased preference for higher-fare carriers offering higher amenity levels, and reduced preferences for low-fare carriers offering more basic transportation, during better economic times;

higher levels of unemployment and varying levels of disposable or discretionary income;

depressed housing and stock market prices; and

lower levels of actual or perceived consumer confidence.

These factors can adversely affect, and from time to time have adversely affected, our results of operations, our ability to obtain financing on acceptable terms and our liquidity. Unfavorable general economic conditions,

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such as higher unemployment rates, a constrained credit market, housing-related pressures and increased focus on reducing business operating costs can reduce spending for price-sensitive leisure and business travel. For many travelers, in particular the price-sensitive travelers we serve, air transportation is a discretionary purchase that they may reduce or eliminate from their spending in difficult economic times. The overall decrease in demand for air transportation in the United States in 2008 and 2009 resulting from record high fuel prices and the economic recession required us to take significant steps to reduce our capacity, which reduced our revenues. Unfavorable economic conditions could also affect our ability to raise prices to counteract increased fuel, labor or other costs, resulting in a material adverse effect on our business, results of operations and financial condition.

The airline industry faces ongoing security concerns and related cost burdens, furthered by threatened or actual terrorist attacks or other hostilities that could significantly harm our industry and our business.

The terrorist attacks of September 11, 2001 and their aftermath negatively affected the airline industry. The primary effects experienced by the airline industry included:

substantial loss of revenue and flight disruption costs caused by the grounding of all commercial air traffic in or headed to the United States by the Federal Aviation Administration (the FAA) for three days after the terrorist attacks;

increased security and insurance costs;

increased concerns about future terrorist attacks;

airport shutdowns and flight cancellations and delays due to security breaches and perceived safety threats; and

significantly reduced passenger traffic and yields due to the subsequent dramatic drop in demand for air travel.

Since September 11, 2001, the Department of Homeland Security and the Transportation Security Administration, or TSA, have implemented numerous security measures that restrict airline operations and increase costs, and are likely to implement additional measures in the future. For example, following the widely publicized attempt of an alleged terrorist to detonate plastic explosives hidden underneath his clothes on a Northwest Airlines flight on Christmas Day in 2009, passengers became subject to enhanced random screening, which included pat-downs, explosive detection testing and body scans. Enhanced passenger screening, increased regulation governing carry-on baggage and other similar restrictions on passenger travel may further increase passenger inconvenience and reduce the demand for air travel. In addition, increased or enhanced security measures have tended to result in higher governmental fees imposed on airlines, resulting in higher operating costs for airlines, which we may not be able to pass on to consumers in the form of higher prices. Any future terrorist attacks or attempted attacks, even if not made directly on the airline industry, or the fear of such attacks or other hostilities (including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats) would likely have a material adverse effect on our business, results of operations and financial condition and on the airline industry in general.

Airlines are often affected by factors beyond their control including: air traffic congestion at airports; air traffic control inefficiencies; adverse weather conditions, such as hurricanes or blizzards; increased security measures; new travel related taxes or the outbreak of disease, any of which could harm our business, operating results and financial condition.

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Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, adverse weather conditions, increased security measures, new travel related taxes and the outbreak of disease. Factors that cause flight delays frustrate passengers and increase costs, which in turn could adversely affect profitability. The federal government singularly controls all U.S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient and affordable

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manner. The air traffic control system, which is operated by the FAA, faces challenges in managing the growing demand for U.S. air travel. U.S. and foreign air-traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes resulting in delays. Adverse weather conditions and natural disasters, such as hurricanes affecting southern Florida and the Caribbean as well as other areas of the eastern United States (such as Hurricane Sandy in October 2012), winter snowstorms or the January 2010 earthquakes in Port-au-Prince, Haiti, can cause flight cancellations or significant delays. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors could harm our business, results of operations and financial condition. Similarly, outbreaks of pandemic or contagious diseases, such as ebola, measles, avian flu, severe acute respiratory syndrome (SARS) and H1N1 (swine) flu, could result in significant decreases in passenger traffic and the imposition of government restrictions in service and could have a material adverse impact on the airline industry. Increased travel taxes, such as those provided in the Travel Promotion Act, enacted March 10, 2010, which charges visitors from certain countries a \$10 fee every two years to travel into the United States to subsidize certain travel promotion efforts, could also result in decreases in passenger traffic. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations and financial condition.

Restrictions on or litigation regarding third-party membership discount programs could harm our business, operating results and financial condition.

We generate a relatively small but growing portion of our revenue from order referral fees, revenue share and other fees paid to us by third-party merchants for customer click-throughs, distribution of third-party promotional materials and referrals arising from products and services of the third-party merchants that we offer to our customers on our website. Some of these third-party referral-based offers are for memberships in discount programs or similar promotions made to customers who have purchased products from us, and for which we receive a payment from the third-party merchants for every customer that accepts the promotion. Certain of these third-party membership discount programs have been the subject of consumer complaints, litigation and regulatory actions alleging that the enrollment and billing practices involved in the programs violate various consumer protection laws or are otherwise deceptive. Any private or governmental claim or action that may be brought against us in the future relating to these third-party membership programs could result in our being obligated to pay damages or incurring legal fees in defending claims. These damages and fees could be disproportionate to the revenues we generate through these relationships. In addition, customer dissatisfaction or a significant reduction in or termination of the third-party membership discount offers on our website as a result of these claims could have a negative impact on our brand, and have a material adverse effect on our business, results of operations and financial condition.

We face competition from air travel substitutes.

In addition to airline competition from traditional network airlines, other low-cost airlines and regional airlines, we also face competition from air travel substitutes. On our domestic routes, we face competition from some other transportation alternatives, such as bus, train or automobile. In addition, technology advancements may limit the demand for air travel. For example, video conferencing and other methods of electronic communication may reduce the need for in-person communication and add a new dimension of competition to the industry as travelers seek lower-cost substitutes for air travel. If we are unable to adjust rapidly in the event the basis of competition in our markets changes, it could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Our Business

Increased labor costs, union disputes, employee strikes and other labor-related disruption may adversely affect our business, results of operations and financial conditions.

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Our business is labor intensive, with labor costs representing approximately 22.8% and 19.9% of our total operating costs for the six months ended June 30, 2015 and 2014, respectively, and 19.9%, 19.1% and 19.1% of

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our total operating costs for 2014, 2013 and 2012, respectively. As of June 30, 2015, approximately 71.5% of our workforce was represented by labor unions. We cannot assure you that our labor costs going forward will remain competitive because in the future our labor agreements may be amended or become amendable and new agreements could have terms with higher labor costs; one or more of our competitors may significantly reduce their labor costs, thereby reducing or eliminating our comparative advantages as to one or more of such competitors; or our labor costs may increase in connection with our growth. We may also become subject to additional collective bargaining agreements in the future as non-unionized workers may unionize.

Relations between air carriers and labor unions in the United States are governed by the Railway Labor Act, or the RLA. Under the RLA, collective bargaining agreements generally contain amendable dates rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the National Mediation Board, or the NMB. This process continues until either the parties have reached agreement on a new collective bargaining agreement, or the parties have been released to self-help by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes.

Our flight operations were shut down due to a strike by our pilots beginning on June 12, 2010 and lasting until we and the union representing our pilots reached a tentative agreement for a new contract. Under a Return to Work Agreement, we began to resume flights on June 17, 2010 and resumed our full flight schedule on June 18, 2010. On August 1, 2010, we and the pilots union executed a five-year collective bargaining agreement. This agreement becomes amendable in 2015. This shutdown had a material adverse effect on our results of operations for 2010.

We entered into a five-year agreement with our flight dispatchers in August 2013. In August 2014, under the supervision of the NMB, we reached a tentative agreement for a five-year contract with our flight attendants. The tentative agreement was subject to ratification by the flight attendant membership. On October 1, 2014, we were notified that the flight attendants voted not to ratify the tentative agreement. We will continue to work together with the AFA-CWA and the NMB with a goal of reaching a mutually beneficial agreement. In July 2014, approximately 250 ramp service agents directly employed by the Company voted to be represented by the International Association of Machinists and Aerospace Workers (IAMAW). In May 2015, we entered into a five-year interim collective bargaining agreement with the IAMAW, including material economic terms, and we are continuing the process of negotiating a final collective bargaining agreement with the IAMAW. As of June 30, 2015, following the outsourcing of ramp services at 3 airports during the second quarter 2015, approximately 153 ramp service agents were represented by the IAMAW, servicing 1 of the 57 airports where we operate. If we are unable to reach agreement with any of our unionized work groups in current or future negotiations regarding the terms of their collective bargaining agreements, we may be subject to work interruptions or stoppages. Any such action or other labor dispute with unionized employees could disrupt our operations, reduce our profitability, or interfere with the ability of our management to focus on executing our business strategies.

We have a significant amount of aircraft-related fixed obligations that could impair our liquidity and thereby harm our business, results of operations and financial condition.

The airline business is capital intensive and, as a result, many airline companies are highly leveraged. As of June 30, 2015, our 73 aircraft fleet consisted of 61 aircraft financed under operating leases and 12 aircraft financed under debt arrangements. In the six months ended June 30, 2015 and 2014, we paid the lessors rent of \$108.6 million and \$97.0 million, respectively. As of June 30, 2015, we had \$253.5 million of prepaid maintenance deposits held by our lessors on our Balance Sheet. As of June 30, 2015, we had future operating lease obligations of approximately \$1.6 billion. As of June 30, 2015, we had future principal debt obligations of approximately \$435.8 million, of which \$15.2 million is due in the remainder of 2015. In addition, we have significant obligations for aircraft and spare engines that we have ordered from Airbus, International Aero Engines AG, or IAE, and Pratt and Whitney for delivery over the next several years. Our ability to pay the fixed costs associated with our contractual obligations will depend on our operating performance, cash flow and our

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ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, fuel price volatility, further weakening or improving in the U.S. economy, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our aircraft related fixed obligations could have a material adverse effect on our business, results of operations and financial condition and could:

require a substantial portion of cash flow from operations for operating lease and maintenance deposit payments, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes;

limit our ability to make required pre-delivery deposit payments, or PDPs, including those payable to our aircraft and engine manufacturers for our aircraft and spare engines on order;

limit our ability to obtain additional financing to support our expansion plans and for working capital and other purposes on acceptable terms or at all;

make it more difficult for us to pay our other obligations as they become due during adverse general economic and market industry conditions because any related decrease in revenues could cause us to not have sufficient cash flows from operations to make our scheduled payments;

reduce our flexibility in planning for, or reacting to, changes in our business and the airline industry and, consequently, place us at a competitive disadvantage to our competitors with less fixed payment obligations; and

cause us to lose access to one or more aircraft and forfeit our rent deposits if we are unable to make our required aircraft lease rental payments and our lessors exercise their remedies under the lease agreement including cross default provisions in certain of our leases.

A failure to pay our operating lease, debt and other fixed cost obligations or a breach of our contractual obligations could result in a variety of adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments or otherwise cover our fixed costs, which would have a material adverse effect on our business, results of operations and financial condition.

We are highly dependent upon our cash balances and operating cash flows.

As of June 30, 2015, we had access to lines of credit from four counterparties to our jet fuel derivatives and our purchase credit card issuer aggregating to \$56.6 million. These credit facilities are not adequate to finance our operations, and we will continue to be dependent on our operating cash flows and cash balances to fund our operations and to make scheduled payments on our aircraft related fixed obligations. Although our credit card processors currently do not have a right to hold back credit card receipts to cover repayment to customers, if we fail to maintain certain liquidity and other financial covenants, their rights to holdback would be reinstated, which would result in a reduction of unrestricted cash that could be material. In addition, we are required by some of our aircraft lessors to fund reserves in cash in advance for scheduled maintenance, and a portion of our cash is therefore unavailable until after we have completed the scheduled maintenance in accordance with the terms of the operating leases. Based on the age of our fleet and our growth strategy, these maintenance deposits will increase over the next few years before we receive any significant reimbursement for completed maintenance. If we fail to generate sufficient funds from operations to meet our operating cash requirements or do not obtain a line of credit, other borrowing facility or equity financing, we could default on our operating lease and fixed obligations. Our inability to meet our obligations as they become due would have a material adverse effect on our business, results of operations and financial condition.

A deterioration in worldwide economic conditions may adversely affect our business, operating results, financial condition, liquidity and ability to obtain financing or access capital markets.

The general worldwide economy has in the past experienced downturns due to the effects of the European debt crisis, unfavorable U.S. economic conditions and slowing growth in certain Asian economies, including

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general credit market crises, collateral effects on the finance and banking industries, concerns about inflation, slower economic activity, decreased consumer confidence, reduced corporate profits and capital spending, adverse business conditions and liquidity concerns. The airline industry is particularly sensitive to changes in economic conditions, which affect customer travel patterns and related revenues. A weak economy could reduce our bookings, and a reduction in discretionary spending could also decrease amounts our customers are willing to pay. Unfavorable economic conditions can also impact the ability of airlines to raise fares to help offset increased fuel, labor and other costs. We cannot accurately predict the effect or duration of any economic slowdown or the timing or strength of a subsequent economic recovery.

In addition, we have significant obligations for aircraft and spare engines that we have ordered from Airbus, IAE and Pratt and Whitney over the next several years, and we will need to finance these purchases. We may not have sufficient liquidity or creditworthiness to fund the purchase of aircraft and engines, including payment of PDPs, or for other working capital. Factors that affect our ability to raise financing or access the capital markets include market conditions in the airline industry, economic conditions, the perceived residual value of aircraft and related assets, the level and volatility of our earnings, our relative competitive position in the markets in which we operate, our ability to retain key personnel, our operating cash flows and legal and regulatory developments. Regardless of our creditworthiness, at times the market for aircraft purchase or lease financing has been very constrained due to such factors as the general state of the capital markets and the financial position of the major providers of commercial aircraft financing.

Our liquidity and general level of capital resources impact our ability to hedge our fuel requirements.

We enter into fuel derivative contracts in order to mitigate the risk to our business from future volatility in fuel prices, refining risk between the price of crude oil and the price of refined jet fuel, and to manage the risk of increasing fuel prices. As of June 30, 2015, we had jet fuel option agreements in place to protect approximately 19.1% of our 2015 anticipated fuel consumption. There can be no assurance that we will be able to enter into fuel derivative contracts in the future. In the past, we have not had and in the future we may not have sufficient creditworthiness or liquidity to post the collateral necessary to hedge our fuel requirements. Even if we are able to hedge portions of our future fuel requirements, we cannot guarantee that our derivative contracts will provide any particular level of protection against increased fuel costs or that our counterparties will be able to perform under our derivative contracts, such as in the case of a counterparty's insolvency. In a falling fuel environment, we may be forced to make cash payments to the counterparties which may impair our liquidity position and increase our costs. Furthermore, our ability to react to the cost of fuel, absent hedging, is limited, because we set the price of tickets in advance of knowing our fuel costs at the time the tickets are flown. Our ability to pass on any significant increases in aircraft fuel costs through fare increases could also be limited.

We rely on maintaining a high daily aircraft utilization rate to implement our low cost structure, which makes us especially vulnerable to flight delays or cancellations or aircraft unavailability.

We maintain a high daily aircraft utilization rate. Our average daily aircraft utilization was 12.8 hours and 12.8 hours for the six months ended June 30, 2015 and 2014, respectively. Aircraft utilization is the average amount of time per day that our aircraft spend carrying passengers. Our revenue per aircraft can be increased by high daily aircraft utilization, which is achieved in part by reducing turnaround times at airports so we can fly more hours on average in a day. Aircraft utilization is reduced by delays and cancellations from various factors, many of which are beyond our control, including air traffic congestion at airports or other air traffic control problems, adverse weather conditions, increased security measures or breaches in security, international or domestic conflicts, terrorist activity, or other changes in business conditions. A significant portion of our operations are concentrated in markets such as South Florida, the Caribbean, Latin America and the Northeast and northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays. In addition, pulling aircraft out of service for unscheduled and scheduled maintenance, the occurrence of which will increase as our fleet ages, may materially reduce our average fleet utilization and require that we seek short-term substitute capacity at increased costs. Due to the relatively small

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size of our fleet and high daily aircraft utilization rate, the unavailability of one or more aircraft and resulting reduced capacity could have a material adverse effect on our business, results of operations and financial condition.

Our maintenance costs will increase as our fleet ages, and we will periodically incur substantial maintenance costs due to the maintenance schedules of our aircraft fleet.

As of June 30, 2015, the average age of our aircraft was approximately 5.1 years. Our relatively new aircraft require less maintenance now than they will in the future. Our fleet will require more maintenance as it ages and our maintenance and repair expenses for each of our aircraft will be incurred at approximately the same intervals. We expect that the final heavy maintenance events will be amortized over the remaining lease term rather than until the next estimated heavy maintenance event, because we account for heavy maintenance under the deferral method. This will result in significantly higher depreciation and amortization expense related to heavy maintenance in the last few years of the leases as compared to the costs in earlier periods. Moreover, because our current fleet was acquired over a relatively short period, significant maintenance that is scheduled on each of these planes is occurring at roughly the same time, meaning we will incur our most expensive scheduled maintenance obligations, known as heavy maintenance, across our present fleet around the same time. These more significant maintenance activities result in out-of-service periods during which our aircraft are dedicated to maintenance activities and unavailable to fly revenue service. In addition, the terms of some of our lease agreements require us to pay supplemental rent, also known as maintenance reserves, to the lessor in advance of the performance of major maintenance, resulting in our recording significant prepaid deposits on our balance sheet. We expect scheduled and unscheduled aircraft maintenance expenses to increase as a percentage of our revenue over the next several years. Any significant increase in maintenance and repair expenses would have a material adverse effect on our business, results of operations and financial condition. Please see Management's Discussion and Analysis of Financial Condition and Results of Operations Year Ended December 31, 2014 Critical Accounting Policies and Estimates Aircraft Maintenance, Materials and Repair Costs and Heavy Maintenance Amortization and Maintenance Reserves in this prospectus supplement.

Our lack of marketing alliances could harm our business.

Many airlines, including the domestic traditional network airlines (American, Delta and United) have marketing alliances with other airlines, under which they market and advertise their status as marketing alliance partners. These alliances, such as OneWorld, SkyTeam and Star Alliance, generally provide for code-sharing, frequent flier program reciprocity, coordinated scheduling of flights to permit convenient connections and other joint marketing activities. Such arrangements permit an airline to market flights operated by other alliance members as its own. This increases the destinations, connections and frequencies offered by the airline and provides an opportunity to increase traffic on that airline's segment of flights connecting with alliance partners. We currently do not have any alliances with U.S. or foreign airlines. Our lack of marketing alliances puts us at a competitive disadvantage to traditional network carriers who are able to attract passengers through more widespread alliances, particularly on international routes, and that disadvantage may result in a material adverse effect on our passenger traffic, business, results of operations and financial condition.

We are subject to extensive and increasing regulation by the FAA, DOT, TSA and other U.S. and foreign governmental agencies, compliance with which could cause us to incur increased costs and adversely affect our business and financial results.

Airlines are subject to extensive and increasing regulatory and legal compliance requirements, both domestically and internationally, that involve significant costs. In the last several years, Congress has passed laws, and the DOT, FAA and TSA have issued regulations, relating to the operation of airlines that have required significant expenditures. We expect to continue to incur expenses in connection with complying with government regulations. Additional laws, regulations, taxes and increased airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce the demand for air travel. If

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adopted, these measures could have the effect of raising ticket prices, reducing revenue and increasing costs. For example, the DOT finalized rules in April 2010 requiring new procedures for customer handling during long onboard tarmac delays, as well as additional reporting requirements for airlines that could increase the cost of airline operations or reduce revenues. The DOT has been aggressively investigating alleged violations of these rules. A second set of DOT final rules, which became effective in August 2011 and January 2012, addresses, among other things, concerns about how airlines handle interactions with passengers through advertising, the reservations process, at the airport and on board the aircraft, including requirements for disclosure of base fares plus a set of regulatorily dictated options and limits on cancellations and service charges for changes and cancellations. Additional consumer passenger rules were proposed in 2014 which may be implemented in 2015 and additional disability rules may be proposed in 2015. In addition, during 2014, the FAA issued its final regulations governing pilot rest periods and work hours for all airlines certificated under Part 121 of the Federal Aviation Regulations. The rule known as FAR 117, which became effective January 4, 2014, impacts the required amount and timing of rest periods for pilots between work assignments and modifies duty and rest requirements based on the time of day, number of scheduled segments, flight types, time zones and other factors. Compliance with these rules may increase our costs, while failure to remain in full compliance with these rules may subject us to fines or other enforcement action.

We cannot assure you that compliance with these rules will not have a material adverse effect on our business.

In August 2010, the Airline Baggage Transparency and Accountability Act was introduced in the United States Senate. This legislation, as proposed, would have increase disclosure regarding fees for airline ticket sales, impose federal taxes on charges for carry-on and checked baggage, authorize the DOT's Aviation Consumer Protection Division to oversee lost and stolen baggage claims, and require data collection and the public release of collected data concerning airline handling of lost, damaged and stolen luggage. In early 2011, the United States Senate passed an amendment to the FAA reauthorization bill that, if enacted, would have imposed federal taxes at a rate of 7.5% on charges for carry-on baggage. If the Airline Baggage Transparency and Accountability Act, the Senate amendment to the FAA reauthorization bill or similar legislation were to be enacted, it is uncertain what effect it would have on our results of operations and financial condition.

We cannot assure you that these and other laws or regulations enacted in the future will not harm our business. In addition, the TSA mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, most of which are funded by a per ticket tax on passengers and a tax on airlines. In July 2014, the TSA implemented an increased passenger security fee at a flat rate of \$5.60. On December 19, 2014, a new law took effect which limits a round-trip fee to \$11.20. We cannot forecast what additional security and safety requirements may be imposed in the future or the costs or revenue impact that would be associated with complying with such requirements.

Our ability to operate as an airline is dependent on our maintaining certifications issued to us by the DOT and the FAA. The FAA has the authority to issue mandatory orders relating to, among other things, the grounding of aircraft, inspection of aircraft, installation of new safety-related items and removal and replacement of aircraft parts that have failed or may fail in the future. A decision by the FAA to ground, or require time consuming inspections of or maintenance on, our aircraft, for any reason, could negatively affect our business and financial results. Federal law requires that air carriers operating large aircraft be continuously fit, willing and able to provide the services for which they are licensed. Our fitness is monitored by the DOT, which considers factors such as unfair or deceptive competition, advertising, baggage liability and disabled passenger transportation. While the DOT has seldom revoked a carrier's certification for lack of fitness, such an occurrence would render it impossible for us to continue operating as an airline. The DOT may also institute investigations or administrative proceedings against airlines for violations of regulations.

International routes are regulated by treaties and related agreements between the United States and foreign governments. Our ability to operate international routes is subject to change because the applicable arrangements

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between the United States and foreign governments may be amended from time to time. Our access to new international markets may be limited by our ability to obtain the necessary certificates to fly the international routes. In addition, our operations in foreign countries are subject to regulation by foreign governments and our business may be affected by changes in law and future actions taken by such governments, including granting or withdrawal of government approvals and restrictions on competitive practices. We are subject to numerous foreign regulations based on the large number of countries outside the United States where we currently provide service. If we are not able to comply with this complex regulatory regime, our business could be significantly harmed. Please see [Business Government Regulation](#).

We may not be able to implement our growth strategy.

Our growth strategy includes acquiring additional aircraft, increasing the frequency of flights and size of aircraft used in markets we currently serve, and expanding the number of markets we serve where our low cost structure would likely be successful. Effectively implementing our growth strategy is critical for our business to achieve economies of scale and to sustain or increase our profitability. We face numerous challenges in implementing our growth strategy, including our ability to:

maintain profitability;

obtain financing to acquire new aircraft;

access airports located in our targeted geographic markets where we can operate routes in a manner that is consistent with our cost strategy;

gain access to international routes; and

access sufficient gates and other services at airports we currently serve or may seek to serve.

Our growth is dependent upon our ability to maintain a safe and secure operation and requires additional personnel, equipment and facilities. An inability to hire and retain personnel, timely secure the required equipment and facilities in a cost-effective manner, efficiently operate our expanded facilities or obtain the necessary regulatory approvals may adversely affect our ability to achieve our growth strategy, which could harm our business. In addition, expansion to new markets may have other risks due to factors specific to those markets. We may be unable to foresee all of the existing risks upon entering certain new markets or respond adequately to these risks, and our growth strategy and our business may suffer as a result. In addition, our competitors may reduce their fares and/or offer special promotions following our entry into a new market. We cannot assure you that we will be able to profitably expand our existing markets or establish new markets.

Some of our target growth markets in the Caribbean and Latin America include countries with less developed economies that may be vulnerable to unstable economic and political conditions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by governments. The occurrence of any of these events in markets served by us and the resulting instability may adversely affect our ability to implement our growth strategy.

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In 2008, in response to record high fuel prices and rapidly deteriorating economic conditions, we modified our growth plans by terminating our leases for seven aircraft. We incurred significant expenses relating to our lease terminations, and have incurred additional expenses to acquire new aircraft in place of those under the terminated leases as we expanded our network. We may in the future determine to reduce further our future growth plans from previously announced levels, which may impact our business strategy and future profitability.

We rely heavily on technology and automated systems to operate our business and any failure of these technologies or systems or failure by their operators could harm our business.

We are highly dependent on technology and automated systems to operate our business and achieve low operating costs. These technologies and systems include our computerized airline reservation system, flight

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operations system, financial planning, management and accounting system, telecommunications systems, website, maintenance systems and check-in kiosks. In order for our operations to work efficiently, our website and reservation system must be able to accommodate a high volume of traffic, maintain secure information and deliver flight information. Substantially all of our tickets are issued to passengers as electronic tickets. We depend on our reservation system, which is hosted and maintained under a long-term contract by a third-party service provider, to be able to issue, track and accept these electronic tickets. If our reservation system fails or experiences interruptions, and we are unable to book seats for any period of time, we could lose a significant amount of revenue as customers book seats on competing airlines. We have experienced short duration reservation system outages from time to time and may experience similar outages in the future. For example, in November 2010, we experienced a significant service outage with our third-party reservation service provider on the day before Thanksgiving, one of the industry's busiest travel days and in August 2013, we experienced another 13 hour outage that affected our sales and customer service response times. We also rely on third-party service providers of our other automated systems for technical support, system maintenance and software upgrades. If our automated systems are not functioning or if the current providers were to fail to adequately provide technical support or timely software upgrades for any one of our key existing systems, we could experience service disruptions, which could harm our business and result in the loss of important data, increase our expenses and decrease our revenues. In the event that one or more of our primary technology or systems vendors goes into bankruptcy, ceases operations or fails to perform as promised, replacement services may not be readily available on a timely basis, at competitive rates or at all and any transition time to a new system may be significant.

In addition, our automated systems cannot be completely protected against events that are beyond our control, including natural disasters, computer viruses or telecommunications failures. Substantial or sustained system failures could cause service delays or failures and result in our customers purchasing tickets from other airlines. We have implemented security measures and change control procedures and have disaster recovery plans; however, we cannot assure you that these measures are adequate to prevent disruptions. Disruption in, changes to or a breach of, these systems could result in a disruption to our business and the loss of important data. Any of the foregoing could result in a material adverse effect on our business, results of operations and financial condition.

We are subject to cyber security risks and may incur increasing costs in an effort to minimize those risks.

Our business employs systems and websites that allow for the secure storage and transmission of proprietary or confidential information regarding our customers, employees, suppliers and others, including personal identification information, credit card data and other confidential information. Security breaches could expose us to a risk of loss or misuse of this information, litigation and potential liability. Although we take steps to secure our management information systems, and although multiple auditors review and approve the security configurations and management processes of these systems, including our computer systems, intranet and internet sites, email and other telecommunications and data networks, the security measures we have implemented may not be effective, and our systems may be vulnerable to theft, loss, damage and interruption from a number of potential sources and events, including unauthorized access or security breaches, natural or man-made disasters, cyber attacks, computer viruses, power loss, or other disruptive events. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber attacks. Attacks may be targeted at us, our customers and suppliers, or others who have entrusted us with information. In addition, attacks not targeted at us, but targeted solely at suppliers, may cause disruption to our computer systems or a breach of the data that we maintain on customers, employees, suppliers and others.

Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants, or costs incurred in connection with the notifications to employees, suppliers or the general public as part of our notification obligations to the various governments that govern our business. Advances in computer capabilities, new technological discoveries, or other developments may result in the breach or compromise of technology used by us to protect transaction or other data. In addition, data and security breaches can also occur as a result of

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non-technical issues, including breaches by us or by persons with whom we have commercial relationships that result in the unauthorized release of personal or confidential information. Our reputation, brand and financial condition could be adversely affected if, as a result of a significant cyber event or other security issues: our operations are disrupted or shut down; our confidential, proprietary information is stolen or disclosed; we incur costs or are required to pay fines in connection with stolen customer, employee or other confidential information; we must dedicate significant resources to system repairs or increase cyber security protection; or we otherwise incur significant litigation or other costs.

Our processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation.

In the processing of our customer transactions, we receive, process, transmit and store a large volume of identifiable personal data, including financial data such as credit card information. This data is increasingly subject to legislation and regulation, typically intended to protect the privacy of personal data that is collected, processed and transmitted. More generally, we rely on consumer confidence in the security of our system, including our website on which we sell the majority of our tickets. Our business, results of operations and financial condition could be adversely affected if we are unable to comply with existing privacy obligations or legislation or regulations are expanded to require changes in our business practices.

We may not be able to maintain or grow our non-ticket revenues.

Our business strategy includes expanding our portfolio of ancillary products and services. There can be no assurance that passengers will pay for additional ancillary products and services or that passengers will continue to choose to pay for the ancillary products and services we currently offer. Further, regulatory initiatives could adversely affect ancillary revenue opportunities. Failure to maintain our non-ticket revenues would have a material adverse effect on our results of operations and financial condition. Furthermore, if we are unable to maintain and grow our non-ticket revenues, we may not be able to execute our strategy to continue to lower base fares to address an underserved market. Please see

Restrictions on or increased taxes applicable to charges for ancillary products and services paid by airline passengers and burdensome consumer protection regulations or laws could harm our business, results of operations and financial condition.

Our inability to expand or operate reliably or efficiently out of our key airports where we maintain a large presence could have a material adverse effect on our business, results of operations and financial condition.

We are highly dependent on markets served from airports where we maintain a large presence. Our results of operations may be affected by actions taken by governmental or other agencies or authorities having jurisdiction over our operations at airports, including, but not limited to:

increases in airport rates and charges;

limitations on take-off and landing slots, airport gate capacity or other use of airport facilities;

termination of our airport use agreements, some of which can be terminated by airport authorities with little notice to us;

increases in airport capacity that could facilitate increased competition;

international travel regulations such as customs and immigration;

increases in taxes;

changes in the law that affect the services that can be offered by airlines in particular markets and at particular airports;

restrictions on competitive practices;

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the adoption of statutes or regulations that impact customer service standards, including security standards; and

the adoption of more restrictive locally-imposed noise regulations or curfews.

In general, any changes in airport operations could have a material adverse effect on our business, results of operations and financial condition.

We rely on third-party service providers to perform functions integral to our operations.

We have entered into agreements with third-party service providers to furnish certain facilities and services required for our operations, including ground handling, catering, passenger handling, engineering, maintenance, refueling, reservations and airport facilities as well as administrative and support services. We are likely to enter into similar service agreements in new markets we decide to enter, and there can be no assurance that we will be able to obtain the necessary services at acceptable rates.

Although we seek to monitor the performance of third parties that provide us with our reservation system, ground handling, catering, passenger handling, engineering, maintenance services, refueling and airport facilities, the efficiency, timeliness and quality of contract performance by third-party service providers are often beyond our control, and any failure by our service providers to perform their contracts may have an adverse impact on our business and operations. For example, in 2008, our call center provider went bankrupt. Though we were able to quickly switch to an alternative vendor, we experienced a significant business disruption during the transition period and a similar disruption could occur in the future if we changed call center providers or if an existing provider ceased to be able to serve us. We expect to be dependent on such third-party arrangements for the foreseeable future.

We rely on third-party distribution channels to distribute a portion of our airline tickets.

We rely on third-party distribution channels, including those provided by or through global distribution systems, or GDSs, conventional travel agents and online travel agents, or OTAs, to distribute a portion of our airline tickets, and we expect in the future to rely on these channels to an increasing extent to collect ancillary revenues. These distribution channels are more expensive and at present have less functionality in respect of ancillary revenues than those we operate ourselves, such as our call centers and our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products generally. To remain competitive, we will need to successfully manage our distribution costs and rights, and improve the functionality of third-party distribution channels, while maintaining an industry-competitive cost structure. Negotiations with key GDSs and OTAs designed to manage our costs, increase our distribution flexibility, and improve functionality could be contentious, could result in diminished or less favorable distribution of our tickets, and may not provide the functionality we require to maximize ancillary revenues. Any inability to manage our third-party distribution costs, rights and functionality at a competitive level or any material diminishment in the distribution of our tickets could have a material adverse effect on our competitive position and our results of operations. Moreover, our ability to compete in the markets we serve may be threatened by changes in technology or other factors that may make our existing third-party sales channels impractical, uncompetitive, or obsolete.

We rely on a single service provider to manage our fuel supply.

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As of June 30, 2015, we had a single fuel service contract with World Fuel Services Corporation to manage the sourcing and contracting of our fuel supply. A failure by this provider to fulfill its obligations could have a material adverse effect on our business, results of operations and financial condition.

Our reputation and business could be adversely affected in the event of an emergency, accident or similar incident involving our aircraft.

We are exposed to potential significant losses in the event that any of our aircraft is subject to an emergency, accident, terrorist incident or other similar incident, and significant costs related to passenger claims,

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repairs or replacement of a damaged aircraft and its temporary or permanent loss from service. There can be no assurance that we will not be affected by such events or that the amount of our insurance coverage will be adequate in the event such circumstances arise and any such event could cause a substantial increase in our insurance premiums. Please see **Increases in insurance costs or significant reductions in coverage could have a material adverse effect on our business, financial condition and results of operations.** In addition, any future aircraft emergency, accident or similar incident, even if fully covered by insurance or even if it does not involve our airline, may create a public perception that our airline or the equipment we fly is less safe or reliable than other transportation alternatives, or could cause us to perform time consuming and costly inspections on our aircraft or engines which could have a material adverse effect on our business, results of operations and financial condition.

Negative publicity regarding our customer service could have a material adverse effect on our business.

In the past, we have experienced a relatively high number of customer complaints related to, among other things, our customer service and reservations and ticketing systems. In particular, we generally experience a higher volume of complaints when we make changes to our unbundling policies, such as charging for baggage. In addition, in 2009, we entered into a consent order with the DOT for our procedures for bumping passengers from oversold flights and our handling of lost or damaged baggage. Under the consent order, we were assessed a civil penalty of \$375,000, of which we were required to pay \$215,000 based on an agreement with the DOT and our not having similar violations in the year after the date of the consent order. If we do not meet our customers' expectations with respect to reliability and service, customers could decide not to fly with us, which would adversely affect our business and reputation.

We depend on a limited number of suppliers for our aircraft and engines.

One of the elements of our business strategy is to save costs by operating a single-family aircraft fleet -currently Airbus A320-family, single-aisle aircraft, powered by engines manufactured by IAE. If Airbus, IAE, or Pratt and Whitney become unable to perform its contractual obligations, or if we are unable to acquire or lease aircraft or engines from other owners, operators or lessors on acceptable terms, we would have to find other suppliers for a similar type of aircraft or engine. If we have to lease or purchase aircraft from another supplier, we would lose the significant benefits we derive from our current single fleet composition. We may also incur substantial transition costs, including costs associated with retraining our employees, replacing our manuals and adapting our facilities and maintenance programs. Our operations could also be harmed by the failure or inability of aircraft, engine and parts suppliers to provide sufficient spare parts or related support services on a timely basis. Our business would be significantly harmed if a design defect or mechanical problem with any of the types of aircraft or components that we operate were discovered that would ground any of our aircraft while the defect or problem was corrected, assuming it could be corrected at all. The use of our aircraft could be suspended or restricted by regulatory authorities in the event of any actual or perceived mechanical or design problems. Our business would also be significantly harmed if the public began to avoid flying with us due to an adverse perception of the types of aircraft that we operate stemming from safety concerns or other problems, whether real or perceived, or in the event of an accident involving those types of aircraft or components. Carriers that operate a more diversified fleet are better positioned than we are to manage such events.

Reduction in demand for air transportation, or governmental reduction or limitation of operating capacity, in the domestic U.S., Caribbean or Latin American markets could harm our business, results of operations and financial condition.

A significant portion of our operations are conducted to and from the domestic U.S., Caribbean or Latin American markets. Our business, results of operations and financial condition could be harmed if we lost our authority to fly to these markets, by any circumstances causing a reduction in demand for air transportation, or by governmental reduction or limitation of operating capacity, in these markets, such as adverse changes in local economic or political conditions, negative public perception of these destinations, unfavorable weather

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conditions, or terrorist related activities. Furthermore, our business could be harmed if jurisdictions that currently limit competition allow additional airlines to compete on routes we serve. Many of the countries we serve are experiencing either economic slowdowns or recessions, which may translate into a weakening of demand and could harm our business, results of operations and financial condition.

Increases in insurance costs or significant reductions in coverage could have a material adverse effect on our business, financial condition and results of operations.

We carry insurance for public liability, passenger liability, property damage and all-risk coverage for damage to our aircraft. As a result of the September 11, 2001 terrorist attacks, aviation insurers significantly reduced the amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war risk insurance). Accordingly, our insurance costs increased significantly and our ability to continue to obtain certain types of insurance remains uncertain. While the price of commercial insurance has declined since the period immediately after the terrorist attacks, in the event commercial insurance carriers further reduce the amount of insurance coverage available to us, or significantly increase its cost, we would be adversely affected. We currently maintain commercial airline insurance with several underwriters. However, there can be no assurance that the amount of such coverage will not be changed, or that we will not bear substantial losses from accidents. We could incur substantial claims resulting from an accident in excess of related insurance coverage that could have a material adverse effect on our results of operations and financial condition.

As of July 2014, we obtained third-party war risk insurance, which insures against some risks of terrorism, from the commercial market. Previous to this date, we obtained this insurance through a special program administered by the FAA, which was discontinued late 2014. Renewing coverage from commercial underwriters may result in higher premiums and more restrictive terms. Our business, results of operations and financial condition could be materially adversely affected if we are unable to obtain adequate war risk insurance. Our current war risk hull and liability insurance policy is effective until July 2016.

Failure to comply with applicable environmental regulations could have a material adverse effect on our business, results of operations and financial condition.

We are subject to increasingly stringent federal, state, local and foreign laws, regulations and ordinances relating to the protection of the environment, including those relating to emissions to the air, discharges to surface and subsurface waters, safe drinking water and the management of hazardous substances, oils and waste materials. Compliance with all environmental laws and regulations can require significant expenditures and any future regulatory developments in the United States and abroad could adversely affect operations and increase operating costs in the airline industry. For example, climate change legislation was previously introduced in Congress and such legislation could be re-introduced in the future by Congress and state legislatures, and could contain provisions affecting the aviation industry, compliance with which could result in the creation of substantial additional costs to us. Similarly, the Environmental Protection Agency issued a rule that regulates larger emitters of greenhouse gases. Future operations and financial results may vary as a result of such regulations. Compliance with these regulations and new or existing regulations that may be applicable to us in the future could increase our cost base and could have a material adverse effect on our business, results of operations and financial condition.

Governmental authorities in several U.S. and foreign cities are also considering or have already implemented aircraft noise reduction programs, including the imposition of nighttime curfews and limitations on daytime take-offs and landings. We have been able to accommodate local noise restrictions imposed to date, but our operations could be adversely affected if locally-imposed regulations become more restrictive or widespread.

If we are unable to attract and retain qualified personnel or fail to maintain our company culture, our business, results of operations and financial condition could be harmed.

Our business is labor intensive. We require large numbers of pilots, flight attendants, maintenance technicians and other personnel. The airline industry has from time to time experienced a shortage of qualified

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personnel, particularly with respect to pilots and maintenance technicians. In addition, as is common with most of our competitors, we have faced considerable turnover of our employees. We may be required to increase wages and/or benefits in order to attract and retain qualified personnel. If we are unable to hire, train and retain qualified employees, our business could be harmed and we may be unable to implement our growth plans.

In addition, as we hire more people and grow, we believe it may be increasingly challenging to continue to hire people who will maintain our company culture. Our company culture, which we believe is one of our competitive strengths, is important to providing high-quality customer service and having a productive, accountable workforce that helps keep our costs low. As we continue to grow, we may be unable to identify, hire or retain enough people who meet the above criteria, including those in management or other key positions. Our company culture could otherwise be adversely affected by our growing operations and geographic diversity. If we fail to maintain the strength of our company culture, our competitive ability and our business, results of operations and financial condition could be harmed.

Our business, results of operations and financial condition could be materially adversely affected if we lose the services of our key personnel.

Our success depends to a significant extent upon the efforts and abilities of our senior management team and key financial and operating personnel. In particular, we depend on the services of our senior management team, including Ben Baldanza, our President and Chief Executive Officer. Competition for highly qualified personnel is intense, and the loss of any executive officer, senior manager, or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect on our business, results of operations and financial condition. We do not maintain key-man life insurance on our management team.

Risk Factors Relating to the Certificates and the Offering

Appraisals should not be relied upon as a measure of realizable value of the Aircraft.

Three independent appraisal and consulting firms have prepared appraisals of the Eligible Aircraft. The appraisal letters provided by these firms are annexed to this prospectus supplement as Appendix II. The AISI appraisal is dated June 10, 2015; the BK appraisal is dated June 15, 2015; and the MBA appraisal is dated June 26, 2015. The appraised values provided by each of AISI, BK and MBA are presented as of or around the respective dates of their appraisals. The appraisals do not purport to, and do not, reflect the current market value of the Eligible Aircraft. Such appraisals of the Eligible Aircraft are subject to a number of significant assumptions and methodologies (which differ among the appraisers) and were prepared without a physical inspection of the Eligible Aircraft. The appraisals take into account base value, which is the theoretical value for an aircraft assuming a balanced market, while current market value is the value for an aircraft in the actual market. In particular, the appraisals of the Eligible Aircraft indicate the appraised base value of each Eligible Aircraft as a new aircraft, projected as of its currently scheduled delivery month. Appraisals that are based on other assumptions and methodologies (or a physical inspection of the Eligible Aircraft) may result in valuations that are materially different from those contained in such appraisals of the Eligible Aircraft. See Description of the Aircraft and the Appraisals The Appraisals.

An appraisal is only an estimate of value. It does not necessarily indicate the price at which an aircraft may be purchased or sold in the market. In particular, the appraisals of the Eligible Aircraft are estimates of the values of the Eligible Aircraft as of their respective anticipated future delivery dates. An appraisal should not be relied upon as a measure of realizable value. The proceeds realized upon the exercise of remedies with respect to any Aircraft, including a sale of such Aircraft, may be less than its appraised value. The value of an Aircraft if remedies are exercised under the applicable Indenture will depend on various factors, including market, economic and airline industry conditions; the supply of similar aircraft; the availability of buyers; the condition of the Aircraft; the time period in which the Aircraft is sought to be sold; and whether the

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Aircraft is sold separately or as part of a block. Additionally, the appraisals assume that passenger seats have been installed on

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the Aircraft. Spirit is obligated to install passenger seats on each Aircraft as promptly as practicable if passenger seats are not yet so installed on such Aircraft at the time of financing thereof. In the absence of such installation, the value for such Aircraft may be less than that assumed by the appraisals.

Accordingly, we cannot assure you that the proceeds realized upon any exercise of remedies with respect to the Aircraft would be sufficient to satisfy in full payments due on the Equipment Notes relating to the Aircraft or the full amount of distributions expected on the Certificates.

If we fail to perform maintenance responsibilities, the value of the Aircraft may deteriorate.

To the extent described in the Indentures, we will be responsible for the maintenance, service, repair and overhaul of the Aircraft. If we fail to perform these responsibilities adequately, the Aircraft may not be airworthy and/or the value of the Aircraft may be reduced. In addition, the value of the Aircraft may deteriorate even if we fulfill our maintenance responsibilities. As a result, it is possible that upon a liquidation, there will be a lesser amount of proceeds than anticipated to repay the holders of Equipment Notes. See Description of the Equipment Notes Certain Provisions of the Indentures Maintenance and Operation.

Inadequate levels of insurance may result in insufficient proceeds to repay holders of related Equipment Notes.

To the extent described in the Indentures, we must maintain all-risk aircraft hull insurance on the Aircraft. If we fail to maintain adequate levels of insurance, the proceeds which could be obtained upon an Event of Loss of an Aircraft may be insufficient to repay the holders of the related Equipment Notes. In addition, under certain circumstances, Spirit is permitted to replace Aircraft that have been damaged or destroyed and may use the insurance proceeds received in respect of such Aircraft to do so. However, inflation, changes in applicable regulations, environmental considerations and other factors may make the insurance proceeds insufficient to repair or replace Aircraft if they are damaged or destroyed. See Description of the Equipment Notes Certain Provisions of the Indentures Insurance.

Repossession of Aircraft may be difficult, time-consuming and expensive.

There will be no general geographic restrictions on our ability to operate the Aircraft. Although we do not currently intend to do so, we are permitted to register the Aircraft in certain foreign jurisdictions and to lease the Aircraft, and to enter into interchange, pooling, borrowing or other similar arrangements with respect to the Aircraft, with unrelated third parties. It may be difficult, time-consuming and expensive for the Loan Trustee under an Indenture to exercise its repossession rights, particularly if the related Aircraft is located outside the United States, is registered in a foreign jurisdiction or is leased to or in the possession of a foreign or domestic operator. Additional difficulties may exist if such a lessee or other operator is the subject of a bankruptcy, insolvency or similar event. See Description of the Equipment Notes Certain Provisions of the Indentures Registration, Leasing and Possession.

In addition, some foreign jurisdictions may allow for other liens or other third party rights to have priority over a Loan Trustee's security interest in an Aircraft to a greater extent than is permitted under United States law. As a result, the benefits of a Loan Trustee's security interest in an Aircraft may be less than they would be if the Aircraft were located or registered in the United States.

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In connection with the repossession of an Aircraft, Spirit may be required to pay outstanding mechanics liens, hangar keepers liens, airport charges, and navigation fees and other amounts secured by statutory or other liens on the repossessed Aircraft. Moreover, Spirit or the Loan Trustee may be subject to delays and additional expense in taking possession of an Aircraft from any third party maintenance provider, including if it must arrange alternative means to have the maintenance work completed or if such third party maintenance provider is the subject of a bankruptcy, reorganization, insolvency or similar event. Such circumstances could result in a reduced value of the Aircraft and a lesser amount of proceeds to repay the holders of the Equipment Notes.

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Upon repossession of an Aircraft, such Aircraft may need to be stored and insured. The costs of storage and insurance can be significant and the incurrence of such costs could reduce the proceeds available to repay the Certificateholders. In addition, at the time of foreclosing on the lien on an Aircraft under the related Indenture, the Airframe subject to such Indenture might not be equipped with the Engines subject to the same Indenture. If Spirit fails to transfer title to engines not owned by Spirit that are attached to a repossessed Airframe, it could be difficult, expensive and time-consuming to assemble an Aircraft consisting of an Airframe and Engines subject to the same Indenture.

The Liquidity Providers, the Subordination Agent and the Trustees will receive certain payments before the Certificateholders do. In addition, the Class B Certificates rank generally junior to the Class A Certificates.

Under the Intercreditor Agreement, each Liquidity Provider will receive payment of all amounts owed to it, including reimbursement of drawings made to pay interest on the applicable class of Certificates, before the holders of any class of Certificates receive any funds. In addition, the Subordination Agent and the Trustees will receive certain payments before the holders of any class of Certificates receive distributions. See Description of the Intercreditor Agreement Priority of Distributions.

Payments of principal on the Certificates are subordinated to payments of interest on the Certificates, subject to certain limitations, and to certain other payments, including those described above. Consequently, a payment default under any Equipment Note or a Triggering Event may cause the distribution of interest on the Certificates, or distributions in respect of such other payments, to be made under the Intercreditor Agreement from payments received with respect to principal on one or more series of Equipment Notes. If this occurs, the interest accruing on the remaining Equipment Notes may be less than the amount of interest expected to be distributed from time to time on the remaining Certificates. This is because the interest on the Certificates may be based on a Pool Balance that exceeds the outstanding principal balance of the remaining Equipment Notes. As a result of this possible interest shortfall, the holders of the Certificates may not receive the full amount expected after a payment default under any Equipment Note or a Triggering Event even if all Equipment Notes are eventually paid in full. For a more detailed discussion of the subordination provisions of the Intercreditor Agreement, see Description of the Intercreditor Agreement Priority of Distributions.

In addition, the subordination provisions applicable to the Certificates permit certain distributions to be made on Class B Certificates prior to making distributions in full on the Class A Certificates, and, if Additional Certificates are issued, on Additional Certificates prior to making distributions in full on the Class A Certificates and Class B Certificates. See Possible Issuance of Additional Certificates and Refinancing of Certificates.

Finally, the Class B Certificates rank generally junior to the Class A Certificates. Moreover, as a result of the subordination provisions in the Intercreditor Agreement, the Class B Certificateholders may receive a smaller distribution in respect of their claims than holders of unsecured claims against Spirit of the same amount.

Certain Certificateholders may not participate in controlling the exercise of remedies in a default scenario.

If an Indenture Event of Default is continuing under an Indenture, subject to certain conditions, the Loan Trustee under such Indenture will be directed by the Controlling Party in exercising remedies under such Indenture, including accelerating the applicable Equipment Notes or foreclosing the lien on the Aircraft with respect to which such Equipment Notes were issued. See Description of the Certificates Indenture Events of Default and Certain Rights Upon an Indenture Event of Default.

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The Controlling Party will be:

if Final Distributions have not been paid in full to holders of the Class A Certificates, the Class A Trustee;

if Final Distributions have been paid in full to the holders of Class A Certificates, but not to the holders of the Class B Certificates, the Class B Trustee;

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if any class or classes of Additional Certificates are outstanding and if Final Distributions have been paid in full to the holders of the Class A Certificates and the holders of the Class B Certificates, the trustee for the Additional Trust for the class of Additional Certificates generally ranked most senior in priority of payment among all classes of Additional Certificates then outstanding for which Final Distributions have not been paid in full; and

under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the greatest amount owed to it.

As a result of the foregoing, if the Trustee for a class of Certificates is not the Controlling Party with respect to an Indenture, the Certificateholders of that class will have no rights to participate in directing the exercise of remedies under such Indenture.

The proceeds from the disposition of any Aircraft or Equipment Notes may not be sufficient to pay all amounts distributable to the Certificateholders, and the exercise of remedies over Equipment Notes may result in shortfalls without further recourse.

Upon the occurrence and during the continuation of an Indenture Event of Default under an Indenture, the Equipment Notes issued under such Indenture or the related Aircraft may be sold in the exercise of remedies with respect to that Indenture, subject to certain limitations. See Description of the Intercreditor Agreement Intercreditor Rights Limitation on Exercise of Remedies. The market for Aircraft or Equipment Notes during the continuation of any Indenture Event of Default may be very limited, and there can be no assurance as to whether they could be sold or the price at which they could be sold. Some Certificateholders will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against Spirit (except in circumstances described in the second bullet point below), any Loan Trustee, any Liquidity Provider or any Trustee if the Controlling Party takes the following actions:

it sells any Equipment Notes for less than their outstanding principal amount; or

it sells any Aircraft for less than the outstanding principal amount of the related Equipment Notes.

The Equipment Notes will be cross-collateralized to the extent described under Description of the Equipment Notes Security and Description of the Equipment Notes Subordination and the Indentures will be cross-defaulted. Any default arising under an Indenture solely by reason of the cross-default in such Indenture may not be of a type required to be cured under Section 1110. Any cash collateral held as a result of the cross-collateralization of the Equipment Notes also would not be entitled to the benefits of Section 1110.

Any credit ratings assigned to the Certificates are not a recommendation to buy and may be lowered or withdrawn in the future.

Any credit rating assigned to the Certificates is not a recommendation to purchase, hold or sell the Certificates, because such rating does not address market price or suitability for a particular investor. A rating may change during any given period of time and may be lowered or withdrawn entirely by a rating agency if in its judgment circumstances in the future (including the downgrading of Spirit, the Depositary or a Liquidity Provider) so warrant. Moreover, any change in a rating agency's assessment of the risks of aircraft-backed debt (and similar securities such as the Certificates) could adversely affect the credit rating issued by such rating agency with respect to the Certificates.

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Any credit ratings assigned to the Certificates would be expected to be based primarily on the default risk of the Equipment Notes and the Depositary, the availability of the Liquidity Facilities for the benefit of the holders of the Class A Certificates and Class B Certificates, the collateral value provided by the Aircraft relating to the Equipment Notes, the cross-collateralization provisions applicable to the Indentures and the subordination provisions applicable to the Certificates under the Intercreditor Agreement. Such credit ratings would be expected to address the likelihood of timely payment of interest (at the applicable Stated Interest Rate and

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without any premium) when due on the Certificates and the ultimate payment of principal distributable under the Certificates by the applicable Final Legal Distribution Date. Such credit ratings would not be expected to address the possibility of certain defaults, optional redemptions or other circumstances (such as an Event of Loss to an Aircraft), which could result in the payment of the outstanding principal amount of the Certificates prior to the final expected Regular Distribution Date.

The reduction, suspension or withdrawal of any credit ratings assigned to the Certificates would not, by itself, constitute an Indenture Event of Default.

The Certificates will not provide any protection against highly leveraged or extraordinary transactions, including acquisitions and other business combinations.

The Certificates, the Equipment Notes and the underlying agreements will not contain any financial or other covenants or event risk provisions protecting the Certificateholders in the event of a highly leveraged or other extraordinary transaction, including an acquisition or other business combination, affecting Spirit or its affiliates. We do from time to time analyze opportunities presented by various types of transactions, and we may conduct our business in a manner that could cause the market price or liquidity of the Certificates to decline, could have a material adverse effect on our financial condition or the credit ratings of the Certificates or otherwise could restrict or impair our ability to pay amounts due under the Equipment Notes and/or the related agreements, including by entering into a highly leveraged or other extraordinary transaction.

There are no restrictive covenants in the transaction documents relating to our ability to incur future indebtedness.

The Certificates, the Equipment Notes and the underlying agreements will not (i) require us to maintain any financial ratios or specified levels of net worth, revenues, income, cash flow or liquidity and therefore do not protect Certificateholders in the event that we experience significant adverse changes in our financial condition or results of operations, (ii) limit our ability to incur additional indebtedness, pay dividends, repurchase our common stock or take other actions that may affect our financial condition or (iii) restrict our ability to pledge our assets. In light of the absence of such restrictions, we may conduct our business in a manner that could cause the market price or liquidity of the Certificates to decline, could have a material adverse effect on our financial condition or the credit ratings of the Certificates or otherwise could restrict or impair our ability to pay amounts due under the Equipment Notes and/or the related agreements.

Escrowed funds may be withdrawn and distributed to holders of Certificates, without any premium, if they are not used to purchase Equipment Notes.

Under certain circumstances, less than all of the Deposits held in escrow may have been used to purchase the Equipment Notes to be issued with respect to the Aircraft by the Delivery Period Termination Date. This could occur because of delays in delivery of any Aircraft or because of delays in financing any Aircraft under the related Indenture. See Description of the Certificates Obligation to Purchase Equipment Notes. If any funds remain as Deposits with respect to any Trust as of the Delivery Period Termination Date, such remaining funds will be withdrawn by the Escrow Agent and distributed by the Paying Agent, with accrued and unpaid interest on such remaining funds, but without any premium, to the Certificateholders of such Trust on a date no earlier than 15 days after the Paying Agent has received notice of the event requiring such distribution. Also, under certain circumstances, such remaining funds will be automatically returned by the Depository to the Paying Agent on the Outside Termination Date, and the Paying Agent will distribute such funds to such Certificateholders as promptly as practicable thereafter. In addition, if a Triggering Event occurs prior to the Delivery Period Termination Date, any Deposits held in escrow with respect to any Trust will also be withdrawn and distributed to the Certificateholders of such Trust with accrued and unpaid interest thereon but without any premium. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits. If any of these circumstances were to occur, you will not

receive the full amount expected in connection with your investment in the Certificates.

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The holders of the Certificates are exposed to the credit risk of the Depositary.

The holders of the Certificates may suffer losses or delays in repayment in the event that the Depositary fails to pay when due the Deposits, in whole or in part, or accrued interest thereon for any reason, including by reason of the insolvency of the Depositary. See Description of the Deposit Agreements Other Withdrawals and Return of Deposits, Description of the Deposit Agreements Replacement of Depositary and Description of the Certificates Payments and Distributions. Spirit is not required to indemnify against any failure on the part of the Depositary to repay the Deposits or accrued interest thereon in full on a timely basis. Amounts deposited with the Depositary under the Escrow Agreements and the Deposit Agreements are not property of Spirit and are not entitled to the benefits of Section 1110.

Because there is no current market for the Certificates, holders of Certificates may have a limited ability to resell Certificates.

Each class of Certificates is a new issue of securities. Prior to this offering of the Certificates, there has been no trading market for the Certificates. Neither Spirit nor any Trust intends to apply for listing of the Certificates on any securities exchange. The Underwriters may assist in resales of the Certificates, but they are not required to do so, and any market-making activity may be discontinued at any time without notice at the sole discretion of each Underwriter. A secondary market for the Certificates therefore may not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow you to resell any of your Certificates. If an active trading market does not develop, the market price and liquidity of the Certificates may be adversely affected.

The liquidity of, and trading market for, the Certificates also may be adversely affected by general declines in the markets or by declines in the market for similar securities. Such declines may adversely affect such liquidity and trading markets independent of Spirit's financial performance and prospects.

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USE OF PROCEEDS

The proceeds from the sale of the Certificates of each Trust will initially be held in escrow and deposited with the Depositary, pending the financing of each Aircraft under the related Indenture. Each Trust will withdraw funds from the escrow relating to such Trust to acquire from Spirit the related series of Equipment Notes to be issued as each Aircraft is subjected to the related Indenture.

The Equipment Notes will be full recourse obligations of Spirit. Spirit will use the proceeds from the issuance of the Equipment Notes issued with respect to the Aircraft to finance the purchase by Spirit of the Aircraft.

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The following table sets forth our ratio of earnings to fixed charges on a historical basis for each of the periods indicated. You should read these ratios in connection with our financial statements, including the notes to those statements, included elsewhere in this prospectus supplement.

	Six months ended June 30,		2014	Year Ended December 31,			
	2015	2014		2013	2012	2011	2010
Fixed charges(1)							
Interest expense	\$ 7.2	0.2	\$ 2.7	\$ 0.2	\$ 1.4	\$ 24.5	\$ 49.3
Amortization of debt issuance costs	0.4					0.3	1.0
Portion of rental expense representative of interest	27.9	32.4	64.8	64.3	60.0	50.4	45.6
Total fixed charges	\$ 35.5	\$ 32.6	\$ 67.5	\$ 64.5	\$ 61.4	\$ 75.2	\$ 95.9
Earnings(2)							
Income from continuing operations before income taxes	\$ 229.9	\$ 163.8	\$ 353.0	\$ 282.4	\$ 174.6	\$ 122.8	\$ 20.2
Fixed charges per above	35.5	32.6	67.5	64.5	61.4	75.2	95.9
Capitalized interest			(2.7)	(0.2)	(1.4)	(2.9)	(1.5)
Total earnings as adjusted	\$ 265.4	\$ 196.4	\$ 417.8	\$ 346.7	\$ 234.6	\$ 195.1	\$ 114.6
Deficiency of earnings to fixed charges							
Ratio of earnings to fixed charges	7.5x	6.0x	6.2x	5.4x	3.8x	2.6x	1.2x

- (1) For purposes of computing this ratio of earnings to fixed charges, fixed charges consist of interest expense on all indebtedness plus amortization of debt issuance costs and an estimate of interest expense within rental expense.
- (2) Earnings consist of pre-tax income (loss) from continuing operations plus fixed charges.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

Explanatory Note

This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Recent Developments, Use of Proceeds, and Risk Factors Risks Related to Our Industry and Risk Factors Risks Related to Our Business and with our audited financial statements and notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2014 (the 2014 10-K) and with our unaudited financial statements and notes thereto in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (the Second Quarter 2015 10-Q). The 2014 10-K and the Second Quarter 2015 10-Q are incorporated by reference in this prospectus supplement. See Where You Can Find More Information and Incorporation By Reference.

The information presented under Year Ended December 31, 2014 is from the 2014 10-K and relates to the period covered by our audited financial statements as of and for the two year period ended December 31, 2014, and the information presented under Six Months Ended June 30, 2015 and June 30, 2014 is from the Second Quarter 2015 10-Q and relates to the period covered by our unaudited financial statements as of and for the six months ended June 30, 2015 and 2014. The information presented herein under each such section reflects the disclosure made at the time of filing with the SEC of the 2015 10-K and the Second Quarter 2015 10-Q, as applicable, and no attempt has been made herein to update such disclosure since the time of the applicable filing.

To the extent applicable, the information presented under Year Ended December 31, 2014 is superseded by the information presented under Six Months Ended June 30, 2015 and June 30, 2014, and the information presented under both Year Ended December 31, 2014 and Six Months Ended June 30, 2015 and June 30, 2014 is superseded by information that we have filed with the SEC since the date we filed the 2014 10-K and the Second Quarter 2015 10-Q, respectively, and by information included in this prospectus supplement, and in both cases, by any information that we may file from the date of this prospectus supplement and prior to the termination of the offering. Accordingly, the information presented in this section should be read in conjunction with such filings and the information contained elsewhere in this prospectus supplement. See Where You Can Find More Information and Incorporation By Reference.

Six Months Ended June 30, 2015 and June 30, 2014

Overview

Spirit Airlines is an ultra low-cost, low-fare airline headquartered in Miramar, Florida that offers affordable travel to price-conscious customers. Our all-Airbus Fit FleetTM currently operates more than 350 daily flights to 57 destinations in the United States, the Caribbean and Latin America. Our stock trades on the NASDAQ Global Select Stock Market under the symbol SAVE.

Our ultra low-cost carrier, or ULCC, business model allows us to compete principally by offering customers our Bare FaresTM, which are unbundled base fares that remove components traditionally included. We then give customers Frill ControlTM, which provides customers the freedom to save by paying only for the options they choose, such as bags and advance seat assignments, which we record in our financial statements as non-ticket revenue.

We are focused on price-sensitive travelers who pay for their own travel, and our business model is designed to deliver what we believe our customers want: low fares. We aggressively use low fares to address an underserved market, which helps us to increase passenger volume, load factors and non-ticket revenue on the flights we operate. We also have high-density seating configurations on our aircraft and a simplified onboard product designed to lower costs, which is part of our Plane Simple™ strategy. Higher passenger volumes and load factors help us sell more ancillary products and services, which in turn allows us to reduce the base fare we offer even further. We strive to be recognized by our customers and potential customers as the low-fare leader in the markets we serve.

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We compete based on total price. We believe other airlines have used an all-inclusive pricing concept to effectively raise total prices to consumers, rather than lowering fares by unbundling each product or service. For example, carriers that tout free bags have included the cost of checking bags in the total ticket price, which does not allow passengers to see how much they would save if they did not check luggage. We believe that we and our customers benefit when we allow our customers to know the total price of their travel by breaking out the cost of optional products or services.

We allow our customers to see all available options and their respective prices prior to purchasing a ticket, and this full transparency illustrates that our total price, including options selected, is lower than other airlines on average. In 2015, we continued our aggressive efforts to educate the public on how our unbundled pricing model works, how that gives them control over frills and ultimately how it saves them money.

Comparative Operating Statistics:

The following tables set forth our operating statistics for the three-month and six-month period ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Percent Change
	2015	2014	
Operating Statistics (unaudited)(A):			
Average aircraft	71.4	56.6	26.1%
Aircraft at end of period	73	57	28.1%
Airports served in the period	57	54	5.6%
Average daily aircraft utilization (hours)	12.9	12.8	0.8%
Average stage length (miles)	974	976	(0.2)%
Block hours	83,861	65,732	27.6%
Passenger flight segments (PFSs) (thousands)	4,514	3,569	26.5%
Revenue passenger miles (RPMs) (thousands)	4,481,064	3,506,459	27.8%
Available seat miles (ASMs) (thousands)	5,213,299	4,008,507	30.1%
Load factor (%)	86.0%	87.5%	(1.5) pts
Average ticket revenue per passenger flight segment (\$)	68.35	84.75	(19.4)%
Average non-ticket revenue per passenger flight segment (\$)	54.24	55.15	(1.7)%
Total revenue per passenger flight segment (\$)	122.59	139.90	(12.4)%
Average yield (cents)	12.35	14.24	(13.3)%
RASM (cents)	10.62	12.46	(14.8)%
CASM (cents)	8.27	9.83	(15.9)%
Adjusted CASM (cents)	8.33	9.80	(15.0)%
Adjusted CASM ex-fuel (cents)	5.80	5.95	(2.5)%
Fuel gallons consumed (thousands)	63,134	49,401	27.8%
Average economic fuel cost per gallon (\$)	2.08	3.13	(33.5)%

(A) See Glossary of Airline Terms elsewhere in this prospectus supplement for definitions used in this table.

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	Six Months Ended June 30,		
	2015	2014	Percent Change
Operating Statistics (unaudited)(A):			
Average aircraft	69.3	55.8	24.2%
Aircraft at end of period	73	57	28.1%
Airports served in the period	57	54	5.6%
Average daily aircraft utilization (hours)	12.8	12.8	%
Average stage length (miles)	982	988	(0.6)%
Block hours	160,896	128,870	24.9%
Passenger flight segments (PFSs) (thousands)	8,494	6,833	24.3%
Revenue passenger miles (RPMs) (thousands)	8,498,622	6,795,746	25.1%
Available seat miles (ASMs) (thousands)	9,942,762	7,793,234	27.6%
Load factor (%)	85.5%	87.2%	(1.7)pts
Average ticket revenue per passenger flight segment (\$)	68.52	81.43	(15.9)%
Average non-ticket revenue per passenger flight segment (\$)	54.71	55.76	(1.9)%
Total revenue per passenger flight segment (\$)	123.23	137.19	(10.2)%
Average yield (cents)	12.32	13.79	(10.7)%
RASM (cents)	10.53	12.03	(12.5)%
CASM (cents)	8.20	9.91	(17.3)%
Adjusted CASM (cents)	8.20	9.89	(17.1)%
Adjusted CASM ex-fuel (cents)	5.76	6.01	(4.2)%
Fuel gallons consumed (thousands)	119,857	96,078	24.7%
Average economic fuel cost per gallon (\$)	2.02	3.15	(35.9)%

(A) See Glossary of Airline Terms elsewhere in this prospectus supplement for definitions used in this table.

Executive Summary

For the second quarter of 2015, we achieved a 22.1% operating margin, an increase of 1.0 point compared to the prior year period. We generated pre-tax income of \$120.9 million and net income of \$76.7 million on operating revenues of \$553.4 million. For the second quarter of 2014, we generated pre-tax income of \$103.8 million and net income of \$64.8 million on operating revenues of \$499.3 million.

Our adjusted CASM ex-fuel for the second quarter of 2015 was 5.80 cents, a 2.5% decrease year over year. The decrease on a per-ASM basis was primarily due to a decrease in aircraft rent and salaries, wages and benefits, offset by an increase in other operating expenses.

As of June 30, 2015, we had 73 Airbus A320-family aircraft in our fleet comprised of 29 A319s, 42 A320s, and 2 A321s. With the scheduled delivery of 7 A320s and A321s during the remainder of 2015, we expect to end 2015 with 80 aircraft in our fleet.

Comparison of three months ended June 30, 2015 to three months ended June 30, 2014**Operating Revenues**

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Operating revenues increased \$54.1 million, or 10.8%, to \$553.4 million for the second quarter of 2015, as compared to the second quarter of 2014 due primarily to an increase in traffic of 27.8%, partially offset by lower passenger yields.

Total revenue per available seat mile (*RASM*) for the second quarter of 2015 was 10.62 cents, a decrease of 14.8%, compared to the second quarter of 2014. Total revenue per passenger flight segment also decreased 12.4%, year over year, primarily driven by a decrease of 19.4% in ticket revenue per passenger flight segment. These decreases were driven by a 13.3% decrease in average yield period over period due to lower fares, driven down by increased competitive pressures, as well as our growth into new markets and additional capacity in mature markets.

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Our non-ticket revenue per passenger flight segment remained relatively stable, declining by only 1.7%, despite the increased competitive pressures noted above. Our unbundling model provides a more stable revenue stream as demonstrated during periods of lower passenger ticket yields. The decrease in non-ticket revenue per passenger flight segment was primarily attributable to lower bag revenue and the outsourcing of our onboard catering to a third-party provider. The outsourcing of onboard catering not only resulted in a decrease in revenue, but also contributed to a decrease in catering costs improving operating margins.

Operating Expenses

Operating expenses increased \$36.9 million, or 9.4%, to \$431.1 million for the second quarter of 2015 compared to \$394.2 million for the second quarter of 2014, primarily due to our 30.1% capacity growth and 27.8% increase in traffic, mostly offset by a 17.4% decrease in aircraft fuel expense resulting from lower fuel prices per gallon, as compared to prior year period.

Aircraft fuel expense includes into-plane fuel expense (defined below) and realized and unrealized gains and losses associated with our fuel derivative contracts. Into-plane fuel expense is defined as the price that we generally pay at the airport, including taxes and fees. Into-plane fuel prices are affected by the global oil market, refining costs, taxes and fees, which can vary by region in the United States and other countries where we operate. Into-plane fuel expense approximates cash paid to the supplier and does not reflect the effect of our fuel derivatives. Management chose not to elect hedge accounting on any fuel derivative instruments during 2015 or 2014 and, as a result, changes in the fair value of these fuel derivative contracts are recorded each period in aircraft fuel expense.

Aircraft fuel expense, our largest operating cost, decreased in the second quarter of 2015 by \$26.9 million, or 17.4%, compared to \$154.9 million in the second quarter of 2014, due primarily to a 33.5% decrease in fuel prices per gallon, offset by a 27.8% increase in fuel gallons consumed.

The elements of the changes in aircraft fuel expense are illustrated in the following table:

	Three Months Ended June 30,		
	2015	2014	
	(in thousands, except per gallon amounts)		Percent Change
Fuel gallons consumed	63,134	49,401	27.8%
Into-plane fuel cost per gallon	2.02	3.13	(35.5)%
Into-plane fuel expense	127,344	154,385	(17.5)%
Realized losses (gains) related to fuel derivative contracts	4,232		100.0%
Unrealized losses (gains) related to fuel derivative contracts	(3,669)	467	(885.7)%
Aircraft fuel expense (per statement of operations)	\$ 127,907	\$ 154,852	(17.4)%

Gulf Coast Jet indexed fuel is the basis for a substantial majority of our fuel consumption and is impacted by both the price of crude oil as well as increases or decreases in refining margins associated with the conversion of crude oil to jet fuel. The into-plane fuel cost per gallon decrease of 35.5% was primarily a result of a decrease in jet fuel prices.

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We track economic fuel expense, which we believe is the best measure of the effect fuel prices are currently having on our business, because it most closely approximates the net cash outflow associated with purchasing fuel used for our operations during the period. We define economic fuel expense as into-plane fuel expense and realized gains or losses on fuel derivative contracts. The key difference between aircraft fuel expense as recorded in our statement of operations and economic fuel expense is unrealized mark-to-market changes in the value of aircraft fuel derivatives outstanding. Many industry analysts evaluate airline results using economic fuel expense and it is used in our internal management reporting.

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The elements of the changes in economic fuel expense are illustrated in the following table:

	Three Months Ended June 30,		Percent Change
	2015	2014	
	(in thousands, except per gallon amounts)		
Into-plane fuel expense	\$ 127,344	\$ 154,385	(17.5)%
Realized losses (gains) related to fuel derivative contracts	4,232		100.0%
Economic fuel expense	\$ 131,576	\$ 154,385	(14.8)%
Fuel gallons consumed	63,134	49,401	27.8%
Economic fuel cost per gallon	\$ 2.08	\$ 3.13	(33.5)%

During the three months ended June 30, 2015, we did not acquire any fuel derivatives. Total realized loss recognized for fuel derivatives that expired during the second quarter of 2015 was \$4.2 million. Total realized losses include cash paid for premiums in previous periods of \$4.7 million which expired in the current period and cash received for settlement of fuel derivatives in the current period of \$0.4 million. We had \$3.7 million in unrealized gains related to our outstanding fuel derivatives during the three months ended June 30, 2015. We had \$0.5 million in unrealized losses related to our outstanding fuel derivatives and did not have any realized gains or losses related to fuel derivatives contracts during the three months ended June 30, 2014.

From time to time, we enter into fuel derivative contracts to protect the refining price risk between the price of crude oil and the price of refined jet fuel. As of June 30, 2015, we had fuel derivatives consisting of jet fuel options with refined products as the underlying commodities designed to protect 25.5 million gallons, or approximately 19% of our remaining 2015 anticipated jet fuel consumption, at a weighted-average ceiling price of \$1.93 per gallon.

We measure our operating cost performance on a per-ASM basis, since one ASM is the unit of production of an airline's capacity. The following table presents our cost per-ASM, or unit cost, for the three months ended June 30, 2015 and 2014, followed by explanations of the material changes on a dollar basis and/or unit cost basis:

	Three Months Ended June 30,		Per-ASM Change	Percent Change
	2015	2014		
	(in cents, except for percentages)			
Aircraft fuel	2.45	3.86	(1.41)	(36.5)%
Salaries, wages, and benefits	1.86	1.94	(0.08)	(4.1)%
Aircraft rent	1.02	1.20	(0.18)	(15.0)%
Landing fees and other rents	0.64	0.64		%
Distribution	0.43	0.50	(0.07)	(14.0)%
Maintenance, materials and repairs	0.41	0.48	(0.07)	(14.6)%
Depreciation and amortization	0.33	0.28	0.05	17.9%
Other operating	1.12	0.91	0.21	23.1%
Loss on disposal of assets	0.01	0.02	(0.01)	NA
Special charges (credits)	0.01		0.01	NA
CASM	8.27	9.83	(1.56)	(15.9)%
Adjusted CASM(1)	8.33	9.80	(1.47)	(15.0)%

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Adjusted CASM ex-fuel(2)	5.80	5.95	(0.15)	(2.5)%
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- (1) For the three months ended June 30, 2015, adjusted CASM excludes unrealized gains related to fuel derivative contracts of 0.07 cent per ASM, loss on disposal of assets of 0.01 cents per ASM and special charges of 0.01 cent per ASM. For the three months ended June 30, 2014, adjusted CASM excludes unrealized losses related to fuel derivative contracts of less than 0.01 cent per ASM, loss on disposal of assets of 0.02 cent per ASM and special charges of less than 0.01 cent per ASM.

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(2) Excludes aircraft fuel expense, loss on disposal of assets, and special charges and credits.

Our adjusted CASM ex-fuel for the second quarter of 2015 was down 2.5% as compared to the second quarter of 2014. The decrease on a per-ASM basis was primarily due to a decrease in aircraft rent and salaries, wages and benefits, offset by an increase in other operating expense per ASM.

Labor costs for the second quarter of 2015 increased \$19.6 million, or 25.3%, compared to the second quarter of 2014, primarily driven by a 26.7% increase in our pilot and flight attendant workforce resulting from the introduction of sixteen new aircraft since the second quarter of 2014. On a per-ASM basis, labor costs decreased primarily due to scale benefits from overall growth as well as larger gauge aircraft. This decrease was partially offset by an increase in our group health care costs on a per-ASM basis.

Aircraft rent expense for the second quarter of 2015 increased by \$4.9 million, or 10.2%, compared to the second quarter of 2014. This increase in aircraft rent expense was primarily driven by the delivery of four new aircraft, financed under operating leases, subsequent to the end of the second quarter of 2014. On a per-ASM basis, aircraft rent expense decreased due to a change in the composition of our aircraft fleet between leased aircraft (for which rent expense is recorded under aircraft rent) and purchased aircraft (for which depreciation expense is recorded under depreciation and amortization). Since the prior year period, the Company has taken delivery of twelve purchased aircraft which increased capacity but had no effect on aircraft rent expense, as these assets are being depreciated over their useful life. Had the respective aircraft been leased, the change in rent expense, on both a dollar and per-ASM basis, would have been greater than the increase currently experienced in depreciation and amortization as result of these purchases.

Landing fees and other rents for the second quarter of 2015 increased \$7.5 million, or 29.2%, as compared to the second quarter of 2014 primarily due to a 26.9% increase in departures. On a per-ASM basis, landing fees and other rents remained stable, as compared to the prior year period.

Distribution costs increased by \$2.2 million, or 10.9%, in the second quarter of 2015 as compared to the second quarter of 2014. The increase was primarily due to increased sales volume. On a per-ASM basis, distribution costs decreased primarily due to a decrease in credit card rates resulting from a renegotiation with our primary credit card processor in late 2014.

Maintenance, materials and repairs expense for the second quarter of 2015 increased by \$2.1 million, or 10.8%, compared to the second quarter of 2014. The increase in maintenance costs on a dollar basis was due to routine and ongoing maintenance on a growing fleet. On a per-unit basis, our growth outpaced the increase in maintenance costs during the period, as compared to the prior year period, due to a change in the timing and mix of maintenance events resulting in lower cost events in the current year period as compared to the prior year period. In addition, on a per-unit basis, maintenance expense decreased due to the purchase of \$13.0 million in rotatable inventory that was made in the third quarter of 2014 to support our aircraft fleet. The expense for these rotables is recorded under depreciation and amortization expense versus maintenance expense as they were in prior year period when the rotables were owned by a third party. We expect maintenance expense to increase as our fleet continues to grow and age, resulting in the need for additional or more frequent repairs over time.

Depreciation and amortization increased by \$5.8 million compared to prior year period. The increase on both a dollar and per-ASM basis was primarily due to depreciation expense resulting from the purchase of twelve aircraft made during the fourth quarter of 2014 and first half of 2015. The amortization of heavy maintenance costs was \$10.2 million and \$9.0 million for the second quarters of 2015 and 2014, respectively. As our fleet continues to age, we expect that the amount of deferred heavy maintenance events will increase and will result in an increase in the amortization of those costs.

We account for heavy maintenance under the deferral method. Under the deferral method, the cost of heavy maintenance is capitalized and amortized as a component of depreciation and amortization expense in the statement of operations until the earlier of the next heavy maintenance event or end of the lease term. If heavy

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maintenance events were amortized within maintenance, materials, and repairs expense in the statement of operations, our maintenance, materials, and repairs expense would have been \$31.5 million and \$28.2 million for the second quarters of 2015 and 2014, respectively.

Other operating expense for the second quarter of 2015 increased by \$21.8 million, or 59.8%, compared to the second quarter of 2014 primarily due to an increase in overall operations, the impact of numerous cancellations related to the irregular operations precipitated by adverse weather conditions in June 2015 and an increase in travel and lodging expense. As compared to the prior year period, we increased departures by 26.9% and had 26.5% more passenger flight segments, which drove increases in variable operating expenses. In June 2015, our operations were negatively impacted by numerous cancellations related to adverse weather conditions. These cancellations contributed to an increase in passenger re-accommodation expense which was the primary driver of the increase in other operating expenses on a dollar and per-ASM basis. Our travel and lodging expense was also higher as compared to the prior year period due to increased training of pilots and flight attendants resulting from our fleet growth, and higher rates at certain hotels.

Other Income (Expenses)

Our interest expense and corresponding capitalized interest for the three months ended June 30, 2015 primarily represents interest related to the financing of purchased aircraft, which began in the fourth quarter of 2014.

Income Taxes

Our effective tax rate for the second quarter of 2015 was 36.5% compared to 37.5% for the second quarter of 2014. In arriving at these rates, we considered a variety of factors, including our forecasted full-year pre-tax results, the U.S. federal rate of 35%, expected nondeductible expenses, and estimated state income taxes. We evaluate our tax rate each quarter and make adjustments when necessary. Our final effective tax rate for the full year is dependent on the level of pre-tax income and the magnitude of any nondeductible expenses in relation to the respective pre-tax income.

Comparison of six months ended June 30, 2015 to six months ended June 30, 2014

Operating Revenues

Operating revenues increased \$109.5 million, or 11.7%, to \$1,046.8 million for the six months ended June 30, 2015, compared to the prior year period, due primarily to an increase in traffic of 25.1%, partially offset by lower passenger yields.

Total RASM for the six months ended June 30, 2015 was 10.5 cents, a decrease of 12.5% compared to the same period of 2014. This decrease was primarily driven by a 10.7% decrease in average yield period over period due to lower fares driven by increased competitive pressures, as well as our growth in new and mature markets.

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Total revenue per passenger flight segment decreased 10.2% from \$137.19 for the six months ended June 30, 2014 to \$123.23 for the six months ended June 30, 2015. Our average ticket fare per passenger flight segment decreased from \$81.43 to \$68.52, or 15.9%, compared to the prior year period, and non-ticket revenue per passenger flight segment decreased from \$55.76 to \$54.71, or 1.9%, compared to the prior year period. The decrease in non-ticket revenue per passenger flight segment was primarily attributable to lower bag revenue and the outsourcing of our onboard catering to a third-party provider. The outsourcing of onboard catering not only resulted in a decrease in revenue, but also contributed to a decrease in catering costs improving operating margins.

Operating Expenses

Operating expense increased for the six months ended June 30, 2015 by \$43.0 million, or 5.6%, compared to the same period for 2014 primarily due to our 27.6% capacity growth, offset by a 20.8% decrease in aircraft fuel expense resulting from lower fuel prices per gallon, as compared to prior year period.

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Aircraft fuel expense for the six months ended June 30, 2015 decreased \$63.0 million, or 20.8%, compared to the prior year period primarily as a result of a 35.9% decrease in fuel prices per gallon, offset by a 24.7% increase in fuel gallons consumed and an increase of \$4.4 million in net realized and unrealized losses from fuel derivatives year over year.

The elements of the changes in aircraft fuel expense are illustrated in the following table:

	Six Months Ended June 30,		
	2015	2014	
	(in thousands, except per gallon amounts)		Percent Change
Fuel gallons consumed	119,857	96,078	24.7%
Into-plane fuel cost per gallon	\$ 1.96	\$ 3.15	(37.8)%
Into-plane fuel expense	\$ 235,468	\$ 302,856	(22.3)%
Realized losses (gains) related to fuel derivative contracts	6,839		100.0%
Unrealized losses (gains) related to fuel derivative contracts	(1,974)	467	(522.7)%
Aircraft fuel expense (per Statement of Operations)	\$ 240,333	\$ 303,323	(20.8)%

The elements of the changes in economic fuel expense are illustrated in the following table:

	Six Months Ended June 30,		
	2015	2014	
	(in thousands, except per gallon amounts)		Percent Change
Into-plane fuel expense	\$ 235,468	\$ 302,856	(22.3)%
Realized losses (gains) related to fuel derivative contracts	6,839		100.0%
Economic fuel expense	\$ 242,307	\$ 302,856	(20.0)%
Fuel gallons consumed	119,857	96,078	24.7%
Economic fuel cost per gallon	\$ 2.02	\$ 3.15	(35.9)%

During the six months ended June 30, 2015, we paid \$2.1 million in premiums to acquire jet fuel options, with options scheduled to expire in the current and future period. Total realized loss recognized for fuel derivatives that expired during the six months ended of 2015 was \$6.8 million. Total realized losses include cash paid for premiums in previous and current periods of \$7.4 million which expired in the current period and cash received for settlement of fuel derivatives in the current period of \$0.6 million. We had \$2.0 million in unrealized gains related to our outstanding fuel derivatives during the six months ended June 30, 2015. We had \$0.5 million in unrealized losses related to our outstanding fuel derivatives and did not have any realized gains or losses related to fuel derivatives contracts during the six months ended June 30, 2014.

As of June 30, 2015, we had fuel derivatives consisting of jet fuel options with refined products as the underlying commodities designed to protect 25.5 million gallons, or approximately 19.1% of our remaining anticipated jet fuel consumption, at a weighted-average ceiling price of \$1.93 per gallon.

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We measure our operating cost performance on a per-ASM basis, since one ASM is the unit of production of an airline's capacity. The following table presents our cost per-ASM, or unit cost, for the six months ended June 30, 2015 and 2014, followed by explanations of the material changes on a unit cost basis and/or dollar basis:

	Six Months Ended June 30, 2015		Per-ASM Change	Percent Change
	2015	2014 (in cents, except for percentages)		
Aircraft fuel	2.42	3.89	(1.47)	(37.8)%
Salaries, wages, and benefits	1.87	1.97	(0.10)	(5.1)%
Aircraft rent	1.07	1.21	(0.14)	(11.6)%
Landing fees and other rents	0.64	0.64		%
Distribution	0.43	0.50	(0.07)	(14.0)%
Maintenance, materials and repairs	0.41	0.47	(0.06)	(12.8)%
Depreciation and amortization	0.32	0.29	0.03	10.3%
Other operating	1.03	0.92	0.11	12.0%
Loss on disposal of assets	0.01	0.01		NA
Special charges (credits)	0.01		0.01	NA
CASM	8.20	9.91	(1.71)	(17.3)%
Adjusted CASM(1)	8.20	9.89	(1.69)	(17.1)%
Adjusted CASM ex-fuel(2)	5.76	6.01	(0.25)	(4.2)%

- (1) For the six months ended June 30, 2015, adjusted CASM excludes unrealized gains related to fuel derivative contracts of 0.02 cent per ASM, loss on disposal of assets of 0.01 cent per ASM and special charges of 0.01 cent per ASM. For the six months ended June 30, 2014, adjusted CASM excludes unrealized losses related to fuel derivative contracts of less than 0.01 cent per ASM, loss on disposal of assets of 0.01 cent per ASM and special charges of less than 0.01 cent per ASM.
- (2) Excludes aircraft fuel expense, loss on disposal of assets, and special charges and credits.

Our adjusted CASM ex-fuel for the six months ended June 30, 2015 decreased by 4.2% as compared to the same period in 2014. The decrease on a per-ASM basis was primarily due to a decrease in aircraft rent and salaries, wages and benefits, offset by an increase in other operating expense per ASM.

Labor costs for the six months ended June 30, 2015 increased \$32.4 million, or 21.1%, compared to same period in 2014. The increase was primarily driven by a 21.9% increase in our pilot and flight attendant workforce resulting from the introduction of sixteen new aircraft since the end of the second quarter of 2014. On a per-ASM basis, labor costs decreased primarily due to scale benefits from overall growth as well as larger gauge aircraft. This decrease was offset by an increase in our group health care costs on a per-ASM basis.

Aircraft rent expense for the six months ended June 30, 2015 increased by \$11.3 million, or 12.0%, compared to the same period in 2014. This increase in aircraft rent expense was primarily driven by the delivery of four new aircraft, financed under operating leases, subsequent to the end of the second quarter of 2014. On a per-ASM basis, aircraft rent expense decreased due to a change in the composition of our aircraft fleet between leased aircraft (for which rent expense is recorded under aircraft rent) and purchased aircraft (for which depreciation expense is recorded under depreciation and amortization). Since the prior year period, the Company has taken delivery of twelve purchased aircraft which increased capacity but had no effect on aircraft rent expense, as these assets are being depreciated over their useful life. Had the respective aircraft been leased, the change in rent expense, on both a dollar and per-ASM basis, would have been greater than the increase currently experienced in depreciation and amortization as result of these purchases.

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Landing fees and other rents for the six months ended June 30, 2015 increased \$14.1 million, or 28.2%, as compared to the same period in 2014 primarily due to a 25.1% increase in departures. On a per-ASM basis, landing fees and other rents remained stable, as compared to prior year period.

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Distribution costs increased by \$4.1 million, or 10.6%, for the six months ended June 30, 2015 as compared to the same period in 2014. The increase was due primarily to increased sales volume. On a per-ASM basis, distribution costs decreased primarily due to a decrease in credit card fees resulting from a renegotiation with our primary credit card processor in late 2014.

Maintenance costs for the six months ended June 30, 2015 increased by \$3.6 million, or 9.8%, compared to the prior year period. The increase in maintenance costs on a dollar basis was due to routine and ongoing maintenance on a growing fleet. On a per-unit basis, our growth outpaced the increase in maintenance costs during the period, as compared to the prior year period, due to a change in the timing and mix of maintenance events resulting in lower cost events in the current year period as compared to the prior year period. In addition, on a per-unit basis, maintenance expense decreased due to the purchase of \$13.0 million in rotatable inventory that was made in the third quarter of 2014 to support our aircraft fleet. The expense for these rotatables is recorded under depreciation and amortization expense versus maintenance expense as they were in prior year period when the rotatables were owned by a third party. We expect maintenance expense to increase as our fleet continues to grow and age, resulting in the need for additional or more frequent repairs over time.

Depreciation and amortization increased by \$9.5 million compared to prior year period. The increase on both a dollar and per-ASM basis was primarily due to depreciation expense resulting from the purchase of twelve aircraft made during the fourth quarter of 2014 and first half of 2015. The amortization of heavy maintenance costs was \$19.7 million and \$18.0 million for the six months ended of June 30, 2015 and 2014, respectively. As our fleet continues to age, we expect that the amount of deferred heavy maintenance events will increase and will result in an increase in the amortization of those costs.

We account for heavy maintenance under the deferral method. Under the deferral method, the cost of heavy maintenance is capitalized and amortized as a component of depreciation and amortization expense in the statement of operations until the next heavy maintenance event or end of the lease term. If heavy maintenance events were amortized within maintenance, materials and repairs expense in the statement of operations, our maintenance, materials and repairs expense would have been \$60.1 million and \$54.8 million for the six months ended June 30, 2015 and 2014, respectively.

Other operating expense for the six months ended June 30, 2015 increased by \$30.1 million, or 41.8%, compared to the prior year period primarily due to our growth. During the latter part of the current period, our operations were negatively impacted by numerous cancellations related to adverse weather conditions. These cancellations contributed to an increase in passenger re-accommodation expense which was the primary driver of the increase in other operating expenses on a dollar and per-ASM basis. Our travel and lodging expense was also higher as compared to prior year period due to increased training of pilots and flight attendants resulting from our fleet growth, and higher rates at certain hotels.

Other income (expenses)

Our interest expense and corresponding capitalized interest for the six months ended June 30, 2015 primarily represents interest related to the financing of purchased aircraft, which began in the fourth quarter of 2014.

Income Taxes

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Our effective tax rate for the six months ended June 30, 2015 was 36.6% compared to 37.4% for the six months ended June 30, 2014. In arriving at these rates, we considered a variety of factors, including our forecast full-year pre-tax results, the U.S. federal rate of 35%, expected nondeductible expenses, and estimated state income taxes. We evaluate our tax rate each quarter and make adjustments when necessary. Our final effective tax rate for the full year is dependent on the level of pre-tax income and the magnitude of any nondeductible expenses in relation to the respective pre-tax income.

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Liquidity and Capital Resources

Cash at June 30, 2015 was \$769.3 million, an increase of \$136.5 million, from December 31, 2014. Our primary use of cash is for working capital needs, capital expenditures, aircraft and engine pre-delivery deposit payments (PDPs) and maintenance reserves.

Currently, our single largest capital need is to fund the acquisition costs of our aircraft. PDPs relating to future deliveries under our agreement with Airbus are required at various times prior to each delivery date. In the six months ended June 30, 2015, \$25.8 million of PDPs were returned to us and \$49.5 million of PDPs were utilized for delivered aircraft and engines in the period. During the six months ended June 30, 2015, we paid \$96.8 million of PDPs for future deliveries of aircraft and spare engines. As of June 30, 2015, we had \$267.3 million of PDPs on our balance sheet.

In addition to funding the acquisition of our fleet, we are required to make maintenance reserve payments for a portion of our current fleet. Maintenance reserves are paid to aircraft lessors and are held as collateral in advance of our performance of major maintenance activities. In the six months ended June 30, 2015, we recorded an increase of \$4.6 million in maintenance reserves, net of reimbursements, and as of June 30, 2015, we had \$253.5 million (\$35.5 million in prepaid expenses and other current assets and \$217.9 million in aircraft maintenance deposits) on our balance sheet.

We have secured third-party debt financing commitments for three of our remaining six aircraft deliveries from Airbus, scheduled for delivery in 2015. In addition, we have secured financing for five aircraft to be leased directly from a third party, scheduled for delivery in 2015 and 2016. We do not have financing commitments in place for the remaining 90 Airbus aircraft currently on firm order scheduled for delivery between the fourth quarter of 2015 through 2021, including 9 scheduled for delivery in the next twelve months.

Future aircraft deliveries may be leased or otherwise financed based on market conditions, our prevailing level of liquidity, and capital market availability.

Net Cash Flows Provided By Operating Activities. Operating activities in the six months ended June 30, 2015 provided \$296.9 million in cash compared to \$144.1 million provided in the six months ended June 30, 2014. The increase resulted from higher net income, lower spend on heavy maintenance events in 2015, higher cash collections on flights sold not flown and higher cash collected on pass through taxes.

Net Cash Flows Used In Investing Activities. In the six months ended June 30, 2015, investing activities used \$379.1 million, compared to \$101.4 million used in the prior year period. The increase was mainly driven by the purchase of eight aircraft in the six months ended June 30, 2015, offset by a decrease in paid PDPs, net of refunds, driven by timing of future aircraft deliveries.

Net Cash Flows Provided By Financing Activities. During the six months ended June 30, 2015, financing activities provided \$218.8 million. We received \$296.0 million in connection with the debt financing of eight aircraft and retained \$8.5 million as a result of excess tax benefits related to share-based payments. We spent \$79.4 million to repurchase common stock primarily under the stock repurchase program, which became effective in December 2014, and \$4.7 million in debt issuance costs to secure the financing on eight aircraft in the current period and three aircraft expected to be received through the remainder of 2015.

Table of Contents**Commitments and Contractual Obligations**

We have contractual obligations and commitments primarily with regard to future purchases of aircraft and engines, repayment of debt, and lease arrangements. The following table discloses aggregate information about our contractual obligations as of June 30, 2015 and the periods in which payments are due (in millions):

	Remainder of 2015	2016 - 2017	2018 - 2019	2020 and beyond	Total
Long-term debt(1)	\$ 15	\$ 64	\$ 71	\$ 285	\$ 435
Interest commitments(2)	10	34	28	46	118
Operating lease obligations	124	464	370	675	1,633
Flight equipment purchase obligations	285	1,360	1,319	1,515	4,479
Other	4	9	3		16
Total future payments on contractual obligations	\$ 438	\$ 1,931	\$ 1,791	\$ 2,521	\$ 6,681

- (1) Includes principal only associated with senior term loans due through 2027 and junior term loans due through 2022. Please see Notes to Financial Statements 8. Long-term Debt.
- (2) Related to senior and junior term loans only.

Some of our master lease agreements provide that we pay maintenance reserves to aircraft lessors to be held as collateral in advance of our required performance of major maintenance activities. Some maintenance reserve payments are fixed contractual amounts, while others are based on utilization. In addition to the contractual obligations disclosed in the table above, we have fixed maintenance reserve payments for these aircraft and related flight equipment, including estimated amounts for contractual price escalations, which are approximately \$3.8 million for the remainder of 2015, \$8.0 million in 2016, \$7.4 million in 2017, \$5.8 million in 2018, \$4.2 million in 2019, and \$14.1 million in 2020 and beyond.

Off-Balance Sheet Arrangements

We have significant lease obligations for aircraft as 61 of our 73 aircraft are financed under operating leases and therefore are not reflected on our balance sheets. These leases expire between 2016 and 2026. Aircraft rent payments were \$54.5 million and \$49.1 million for the three months ended June 30, 2015 and 2014, respectively, and \$108.6 million and \$97.0 million for the six months ended June 30, 2015 and 2014, respectively. Our aircraft lease payments for 56 of our aircraft are fixed-rate obligations. Five of our aircraft leases provide for variable rent payments, which fluctuate based on changes in LIBOR (the London Interbank Offered Rate).

Our contractual purchase commitments consist primarily of aircraft and engine acquisitions through manufacturers and aircraft leasing companies. As of June 30, 2015, our aircraft orders consisted of the following:

Airbus	Third-Party Lessor
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	A320	A320NEO	A321	A321NEO	A320NEO	Total
remainder of 2015			6		1	7
2016	3		9		4	16
2017	8		10			18
2018	2	6	5			13
2019		3		10		13
2020		13				13
2021		18				18
	13	40	30	10	5	98

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We also have four spare engine orders for V2500 SelectOne engines with IAE and nine spare engine orders for PurePower PW1100G-JM engines with Pratt & Whitney. Spare engines are scheduled for delivery from 2017 through 2023. Committed expenditures for these aircraft and spare engines, including estimated amounts for contractual price escalations and aircraft PDPs, are expected to be approximately \$285 million for the remainder of 2015, \$597 million in 2016, \$763 million in 2017, \$618 million in 2018, \$701 million in 2019 and \$1,515 million in 2020 and beyond.

As of June 30, 2015, we had lines of credit related to corporate credit cards of \$18.6 million from which we had drawn \$9.8 million.

As of June 30, 2015, we had lines of credit with counterparties for physical fuel delivery, jet fuel derivatives and interest rate derivatives in the amount of \$38.0 million. As of June 30, 2015, we had drawn \$11.9 million on these lines of credit. We are required to post collateral for any excess above the lines of credit if the derivatives are in a net liability position and make periodic payments in order to maintain an adequate undrawn portion for physical fuel delivery. As of June 30, 2015, we did not hold any fuel derivatives with requirements to post collateral.

As of June 30, 2015, we had \$6.9 million in uncollateralized surety bonds and \$25.3 million in unsecured standby letter of credit facilities of which \$12.7 million had been drawn upon for issued letters of credit.

Year Ended December 31, 2014

2014 Year in Review

The year 2014 marked the eighth consecutive year of profitability for us. We achieved a net income of \$225.5 million (\$3.08 per share, diluted), compared to a net income of \$176.9 million (\$2.42 per share, diluted) in 2013. The increase in our net income was a result of our increased capacity, lower fuel cost as well as continued focus on low costs which help maintain our high profit margins.

For the year ended December 31, 2014, we achieved an operating profit margin of 18.4%, the highest in our history, on \$1,931.6 million in operating revenues. Our traffic grew by 18.0% as we continued to stimulate demand with ultra-low fares. Total revenue per passenger flight segment increased by 1.4% from \$133.27 to \$135.14. Total RASM for 2014 was 11.82 cents, a decrease of 1.0% compared to the prior year period, driven by lower operating yields on relatively stable load factors year over year.

Our operating cost structure is a primary area of focus and is at the core of our ULCC business model in which we compete solely on the basis of price. Our unit operating costs continue to be among the lowest of any airline in the Americas. During 2014, we increased our capacity by 17.9% as we grew our fleet of Airbus single-aisle aircraft from 54 to 65 aircraft, including purchased aircraft for the first time in our history. We launched service to 23 new markets in 2014 and added one new destination: Kansas City.

During 2014, we increased our average non-ticket revenue per passenger flight segment by 2.2%, or \$1.19, to \$55.03. Our total non-ticket revenue increased by 17.7%, or \$118.2 million, to \$786.6 million in 2014. The year over year increase in average non-ticket revenue per passenger flight segment was primarily driven by a higher volume of passengers electing to purchase seat assignments, largely due to a software

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update completed in 2014 that enables us to sell seat assignments through more channels as well as a more rigorous approach to managing our seat inventory. Additionally, in July 2013, we increased our passenger usage fee (*PUF*), helping to drive the increase in PUF fees year over year.

During 2014, our adjusted CASM ex-fuel decreased by 0.5% to 5.88 cents. The decrease was primarily due to lower passenger re-accommodation expense year over year, due to better operational performance during 2014, as compared to 2013. We improved on-time performance year over year and maintained one of the highest

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completion factors in the industry. In addition, on a per ASM basis, distribution expense decreased, primarily due to a \$2.9 million settlement gain received in 2014, and aircraft rent expense decreased due to reduced rent expense related to 14 A319 aircraft for which lease extensions with reduced rates were negotiated with the lessor at the end of the second quarter of 2013, providing for a full year of benefit in 2014 versus 2013. This decrease was partially offset by an increase in depreciation and amortization expense, landing fees and other rents expense, salaries, wages and benefits expense, and maintenance, materials and repairs expense per ASM.

During 2014, we grew our aircraft fleet by 20.4% and we took delivery of purchased aircraft for the first time in our history. As of December 31, 2014, our 65 Airbus A320-family aircraft fleet was comprised of 29 A319s, 34 A320s and 2 A321s, of which 4 are owned and 61 are financed under operating leases. As of December 31, 2014, our aircraft orders consisted of 101 A320 family aircraft with Airbus and 5 direct operating leases for A320neos with a third party, scheduled for delivery from 2015 through 2021. Our plan calls for growing the fleet by 23.1% in 2015.

Operating Revenues

Our operating revenues are comprised of passenger revenues and non-ticket revenues.

Passenger Revenues. Passenger revenues consist of the base fares that customers pay for air travel.

Non-ticket Revenues. Non-ticket revenues are generated from air travel-related charges for baggage, passenger usage fee (PUF) for bookings through certain of our distribution channels, advance seat selection, itinerary changes, hotel travel packages and loyalty programs such as our FREE SPIRIT affinity credit card program and \$9 Fare Club. Non-ticket revenues also include revenues derived from services not directly related to providing transportation such as the sale of advertising to third parties on our website and on board our aircraft.

Substantially all of our revenues are denominated in U.S. dollars. Passenger revenues are recognized once the related flight departs. Accordingly, the value of tickets sold in advance of travel is included under our current liabilities as air traffic liability, or ATL, until the related air travel is provided. Non-ticket revenues are generally recognized at the time the ancillary products are purchased or ancillary services are provided. Non-ticket revenues also include revenues from our subscription-based \$9 Fare Club, which we recognize on a straight-line basis over 12 months. Revenue generated from the FREE SPIRIT credit card affinity program are recognized in accordance with the criteria as set forth in Accounting Standards Update ASU No. 2009-13. Please see Critical Accounting Policies and Estimates Frequent Flier Program.

We recognize revenues net of certain taxes and airport passenger fees, which are collected by us on behalf of airports and governmental agencies and remitted to the applicable governmental entity or airport on a periodic basis. These taxes and fees include U.S. federal transportation taxes, federal security charges, airport passenger facility charges and foreign arrival and departure taxes. These items are collected from customers at the time they purchase their tickets, but are not included in our revenues. We record a liability upon collection from the customer and relieve the liability when payments are remitted to the applicable governmental agency or airport.

Operating Expenses

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Our operating expenses consist of the following line items.

Aircraft Fuel. Aircraft fuel expense is our single largest operating expense. It includes the cost of jet fuel, related federal taxes, fueling into-plane fees and transportation fees. It also includes realized and unrealized gains and losses arising from any activity on our fuel derivatives. Our fuel derivatives generally consist of United States Gulf Coast jet fuel swaps (jet fuel swaps) and United States Gulf Coast jet fuel options (jet fuel options).

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Salaries, Wages and Benefits. Salaries, wages and benefits expense includes the salaries, hourly wages, bonuses and equity compensation paid to employees for their services, as well as the related expenses associated with employee benefit plans and employer payroll taxes.

Aircraft Rent. Aircraft rent expense consists of monthly lease rents for aircraft and spare engines under the terms of the related operating leases and is recognized on a straight-line basis. Aircraft rent expense also includes supplemental rent. Supplemental rent is made up of maintenance reserves paid or to be paid to aircraft lessors in advance of the performance of major maintenance activities that are not probable of being reimbursed and lease return condition obligations which we begin to accrue when they are probable. Aircraft rent expense is net of the amortization of gains and losses on sale and leaseback transactions on our flight equipment. As of December 31, 2014, 61 of our 65 aircraft and all our spare engines were financed under operating leases.

Landing Fees and Other Rents. Landing fees and other rents include both fixed and variable facilities expenses, such as the fees charged by airports for the use or lease of airport facilities, overfly fees paid to other countries and the monthly rent paid for our headquarters facility.

Distribution. Distribution expense includes all of our direct costs including the cost of web support, our third-party call center, travel agent commissions and related GDS fees and credit card transaction fees, associated with the sale of our tickets and other products and services.

Maintenance, Materials and Repairs. Maintenance, materials and repairs expense includes all parts, materials, repairs and fees for repairs performed by third-party vendors directly required to maintain our fleet. It excludes direct labor cost related to our own mechanics, which is included under salaries, wages and benefits. It also excludes the amortization of heavy maintenance expenses, which we defer under the deferral method of accounting and amortize as a component of depreciation and amortization expense.

Depreciation and Amortization. Depreciation and amortization expense includes the depreciation of fixed assets we own and leasehold improvements. It also includes the amortization of heavy maintenance expenses we defer under the deferral method of accounting for heavy maintenance events and recognize into expense on a straight-line or usage basis until the earlier of the next estimated heavy maintenance event or the aircraft's return at the end of the lease term.

Loss on Disposal of Assets. Loss on disposal of assets includes the net losses on the disposal of our fixed assets.

Other Operating Expenses. Other operating expenses include airport operations expense and fees charged by third-party vendors for ground handling services and food and liquor supply service expenses, passenger re-accommodation expense, the cost of passenger liability and aircraft hull insurance, all other insurance policies except for employee related insurance, travel and training expenses for crews and ground personnel, professional fees, personal property taxes and all other administrative and operational overhead expenses. No individual item included in this category represented more than 5% of our total operating expenses.

Special Charges (Credits). Special charges (credits) include termination costs, secondary offering costs and the gain on the sale of take-off and landing slots.

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In 2012, we sold four permanent air carrier slots at Ronald Reagan National Airport (DCA) to another airline for \$9.1 million. We recognized the \$9.1 million gain within special charges (credits) in the third quarter of 2012, the period in which the FAA operating restriction lapsed and written confirmation of the slot transfer was received by the buyer from the FAA.

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Other Expense (Income)

Interest Expense. Interest expense in 2012 and 2013 primarily related to interest on the TRA. For 2014, interest expense primarily represented interest related to the financing of purchased aircraft, interest related to the underpayment of prior year jet fuel FET and interest charged under the TRA.

Capitalized Interest. Capitalized interest represents interest cost incurred during the acquisition period of an aircraft which theoretically could have been avoided had we not made PDPs for that aircraft. These amounts are capitalized as part of the cost of the aircraft upon delivery. Capitalization of interest ceases when the asset is ready for service. Capitalized interest for 2012 and 2013 primarily related to interest incurred in connection with payments owed under the TRA. For 2014, capitalized interest primarily related to interest incurred on long-term debt, underpayment of prior year jet fuel FET and interest charged under the TRA.

Other Expense. For 2014, other expense included a charitable contribution of \$1.0 million that is specifically creditable against current income tax in the State of Florida, as allowed under state law.

Income Taxes

We account for income taxes using the liability method. We record a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred taxes are recorded based on differences between the financial statement basis and tax basis of assets and liabilities and available tax loss and credit carryforwards. In assessing the realizability of the deferred tax assets, we consider whether it is more likely than not that some or all of the deferred tax assets will be realized. In evaluating the ability to utilize our deferred tax assets, we consider all available evidence, both positive and negative, in determining future taxable income on a jurisdiction by jurisdiction basis.

In connection with our IPO in 2011, we entered into the TRA and thereby distributed immediately prior to the completion of the IPO to the holders of common stock as of such time, or the Pre-IPO Stockholders, the right to receive an amount equal to 90% of the cash savings in federal income tax realized by it by virtue of the use of the federal net operating loss, deferred interest deductions and alternative minimum tax credits held by us as of March 31, 2011, which was defined as the Pre-IPO NOL. Cash tax savings were generally computed by comparing actual federal income tax liability to the amount of such taxes that we would have been required to pay had such Pre-IPO NOLs (as defined in the TRA) not been available. Upon consummation of the IPO and execution of the TRA, we recorded a liability with an offsetting reduction to additional paid in capital. The amount and timing of payments under the TRA depended upon a number of factors, including, but not limited to, the amount and timing of taxable income generated in future periods and any limitations that may have been imposed on our ability to use the Pre-IPO NOLs. The term of the TRA was to continue until the first to occur (a) the full payment of all amounts required under the agreement with respect to utilization or expiration of all of the Pre-IPO NOLs, (b) the end of the taxable year including the tenth anniversary of the IPO or (c) a change in control of the Company.

In accordance with the TRA, we were required to submit a Tax Benefit Schedule showing the proposed TRA payout amount to the Stockholder Representatives within 45 calendar days of filing our tax return. Stockholder Representatives were defined as Indigo Pacific Partners, LLC and OCM FIE, LLC, representing the two largest ownership interest of pre-IPO shares. The Tax Benefit Schedule was to become final and binding on all parties unless a Stockholder Representative, within 45 calendar days after receiving such schedule, provided us with notice of a material objection to such schedule. If the parties, for any reason, were unable to successfully resolve the issues raised in any notice within 30 calendar days of receipt of such notice, we and the Stockholder Representatives had the right to employ the reconciliation procedures as set forth in the

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TRA. If the Tax Benefit Schedule was accepted, we then had five days after acceptance to make payments to the Pre-IPO stockholders. Pursuant to the TRA's reconciliation procedures, any disputes that could not be settled amicably, were to be settled by arbitration conducted by a single arbitrator jointly selected by both parties.

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During the second quarter of 2012, we paid \$27.2 million, or 90% of the 2011 tax savings realized from the utilization of NOLs, including \$0.3 million of applicable interest, to the Pre-IPO Stockholders.

During 2013, we filed an amended 2009 income tax return which resulted in a reduction to the estimated TRA liability from \$8.0 million to \$5.6 million. On September 13, 2013, we filed our 2012 federal income tax return, and on October 14, 2013, we submitted a Tax Benefit Schedule to the Stockholder Representatives. On November 27, 2013, pursuant to the TRA, we received an objection notice to the Tax Benefit Schedule from the Stockholder Representatives. On April 7, 2014, we received a demand for arbitration from the Stockholder Representatives. Prior to commencing arbitration proceedings, on June 17, 2014, we and Stockholder Representatives agreed on a settlement amount of \$7.0 million in addition to interest of \$0.3 million. The agreed upon settlement was in excess of the outstanding liability of \$5.6 million at the time of settlement. The excess payment of \$1.4 million was recorded within other expense in the statement of operations and recorded as cash from operations in the statement of cash flows. As of December 31, 2014, we had made all payments in accordance with the agreed upon settlement terms and had no outstanding obligations related to the TRA.

Trends and Uncertainties Affecting Our Business

We believe our operating and business performance is driven by various factors that affect airlines and their markets, trends affecting the broader travel industry and trends affecting the specific markets and customer base that we target. The following key factors may affect our future performance.

Competition. The airline industry is highly competitive. The principal competitive factors in the airline industry are fare pricing, total price, flight schedules, aircraft type, passenger amenities, number of routes served from a city, customer service, safety record and reputation, code-sharing relationships and frequent flier programs and redemption opportunities. Price competition occurs on a market-by-market basis through price discounts, changes in pricing structures, fare matching, target promotions and frequent flier initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slower travel periods to generate cash flow and to maximize unit revenue. The prevalence of discount fares can be particularly acute when a competitor has excess capacity that it is under financial pressure to sell.

Seasonality and Volatility. Our results of operations for any interim period are not necessarily indicative of those for the entire year because the air transportation business is subject to significant seasonal fluctuations. We generally expect demand to be greater in the second and third quarters compared to the rest of the year. The air transportation business is also volatile and highly affected by economic cycles and trends. Consumer confidence and discretionary spending, fear of terrorism or war, weakening economic conditions, fare initiatives, fluctuations in fuel prices, labor actions, changes in governmental regulations on taxes and fees, weather and other factors have resulted in significant fluctuations in revenues and results of operations in the past. We believe demand for business travel historically has been more sensitive to economic pressures than demand for low-price travel. Finally, a significant portion of our operations are concentrated in markets such as South Florida, the Caribbean, Latin America and the Northeast and northern Midwest regions of the United States, which are particularly vulnerable to weather, airport traffic constraints and other delays.

Aircraft Fuel. Fuel costs represent the single largest operating expense for most airlines, including ours. Fuel costs have been subject to wide price fluctuations in recent years. Fuel availability and pricing are also subject to refining capacity, periods of market surplus and shortage and demand for heating oil, gasoline and other petroleum products, as well as meteorological, economic and political factors and events occurring throughout the world, which we can neither control nor accurately predict. We source a significant portion of our fuel from refining resources located in the southeast United States, particularly facilities adjacent to the Gulf of Mexico. Gulf Coast fuel is subject to volatility and supply disruptions, particularly in hurricane season when refinery shutdowns have occurred in recent years, or when the threat of weather-related disruptions has caused Gulf Coast fuel prices to spike above other regional sources. Our derivatives generally consist of United States Gulf

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Coast jet fuel swaps (jet fuel swaps) and United States Gulf Coast jet fuel options (jet fuel options). Both jet

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fuel swaps and jet fuel options are used at times to protect the refining price risk between the price of crude oil and the price of refined jet fuel, and to manage the risk of increasing fuel prices. Our fuel hedging practices are dependent upon many factors, including our assessment of market conditions for fuel, our access to the capital necessary to support margin requirements, the pricing of hedges and other derivative products in the market, our overall appetite for risk and applicable regulatory policies. As of December 31, 2014, we had jet fuel option agreements in place to protect 88.7 million gallons, or approximately 35% of our 2015 anticipated fuel consumption, at a weighted-average ceiling price of \$2.07 per gallon, which allows us to participate in falling oil prices. As of December 31, 2014, we purchased all of our aircraft fuel under a single fuel service contract. The cost and future availability of jet fuel cannot be predicted with any degree of certainty.

Labor. The airline industry is heavily unionized. The wages, benefits and work rules of unionized airline industry employees are determined by collective bargaining agreements, or CBAs. Relations between air carriers and labor unions in the United States are governed by the RLA. Under the RLA, CBAs generally contain amendable dates rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the NMB. This process continues until either the parties have reached agreement on a new CBA, or the parties have been released to self-help by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self-help measures such as strikes and lockouts.

We have four union-represented employee groups comprising approximately 67% of our employees at December 31, 2014. Our pilots are represented by the Airline Pilots Association, International, or ALPA, our flight attendants are represented by the Association of Flight Attendants, or AFA-CWA, our flight dispatchers are represented by the Transport Workers Union of America, or TWU, and our ramp service agents are represented by the International Association of Machinists and Aerospace Workers, or IAMAW. Conflicts between airlines and their unions can lead to work slowdowns or stoppages. In June 2010, we experienced a five-day strike by our pilots, which caused us to shut down our flight operations. The strike ended as a result of our reaching a tentative agreement under a Return to Work Agreement and a full flight schedule was resumed on June 18, 2010. On August 1, 2010, we entered into a five-year collective bargaining agreement with our pilots. In August 2013, we entered into a five-year agreement with our flight dispatchers. In December 2013, with the help of the NMB, we reached a tentative agreement for a five-year contract with our flight attendants. The tentative agreement was subject to ratification by the flight attendant membership. On October 1, 2014, we were notified that the flight attendants voted to not ratify the tentative agreement. We will continue to work together with the AFA-CWA and the NMB with a goal of reaching a mutually beneficial agreement. On July 8, 2014, approximately 250 ramp service agents directly employed by the Company voted to be represented by the IAMAW. We have begun the process of negotiating a collective bargaining agreement with the IAMAW. We believe the five-year term of our CBAs is valuable in providing stability to our labor costs and provide us with competitive labor costs compared to other U.S.-based low-cost carriers. If we are unable to reach agreement with any of our unionized work groups in current or future negotiations regarding the terms of their CBAs, we may be subject to work interruptions or stoppages, such as the strike by our pilots in June 2010. A strike or other significant labor dispute with our unionized employees is likely to adversely affect our ability to conduct business.

Maintenance Expense. Maintenance expense grew through 2014, 2013 and 2012 mainly as a result of the increasing age (approximately 5.1 years on average at December 31, 2014) and size of our fleet. As the fleet ages, we expect that maintenance costs will increase in absolute terms. The amount of total maintenance costs and related amortization of heavy maintenance (included in depreciation and amortization expense) is subject to many variables such as future utilization rates, average stage length, the interval between heavy maintenance events, the size and makeup of the fleet in future periods and the level of unscheduled maintenance events and their actual costs. Accordingly, we cannot reliably quantify future maintenance expenses for any significant period of time. However, we believe, based on our scheduled maintenance events, maintenance expense and maintenance-related amortization expense in 2015 will be approximately \$126 million. In addition, as of December 31, 2014 we expected to capitalize \$14 million of costs for heavy maintenance during 2015.

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As a result of a significant portion of our fleet being acquired over a relatively short period of time, heavy maintenance scheduled on each of our planes will occur at roughly the same time, meaning we will incur our most expensive scheduled maintenance obligations across our current fleet around the same time. These more significant maintenance activities will result in out-of-service periods during which our aircraft will be dedicated to maintenance activities and unavailable to fly revenue service. When accounting for maintenance expense under the deferral method, heavy maintenance is amortized over the shorter of either the remaining lease term or the next estimated heavy maintenance event. This will result in higher depreciation and amortization expense related to heavy maintenance in the last few years of the leases as compared to the costs in earlier periods. Please see [Critical Accounting Policies and Estimates Aircraft Maintenance, Materials, Repair Costs and Related Heavy Maintenance Amortization](#).

Maintenance Reserve Obligations. The terms of some of our aircraft lease agreements require us to post deposits for future maintenance, also known as maintenance reserves, to the lessor in advance of and as collateral for the performance of major maintenance events, resulting in our recording significant prepaid deposits on our balance sheet. As a result, the cash costs of scheduled major maintenance events are paid well in advance of the recognition of the maintenance event in our results of operations. Please see [Critical Accounting Policies and Estimates Aircraft Maintenance, Materials, Repair Costs and Related Heavy Maintenance Amortization](#) and [Maintenance Reserves](#).

Critical Accounting Policies and Estimates

The following discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets and liabilities, revenues and expenses and related disclosure of contingent assets and liabilities at the date of our financial statements. For a detailed discussion of our significant accounting policies, please see [Summary of Significant Accounting Policies](#) in Note 1 to our audited financial statements for the year ended December 31, 2014 included elsewhere in this prospectus supplement.

Critical accounting policies are defined as those policies that reflect significant judgments or estimates about matters that are both inherently uncertain and material to our financial condition or results of operations.

Revenue Recognition. Revenues from tickets sold are initially deferred as ATL. Passenger revenues are recognized when transportation is provided. An unused non-refundable ticket expires at the date of scheduled travel and is recognized as revenue for the expired ticket value at the date of scheduled travel.

Our most significant non-ticket revenues include revenues generated from air travel-related services paid for baggage, bookings through our call center or third-party vendors, advance seat selection, itinerary changes and loyalty programs, and are recognized at the time products are purchased or ancillary services are provided. These revenues also include commissions from the sales of hotel rooms, trip insurance and rental cars recognized at the time the service is rendered. Non-ticket revenues also include revenues from our subscription-based \$9 Fare Club, recognized on a straight-line basis over 12 months.

Customers may elect to change their itinerary prior to the date of departure. A service charge is assessed and recognized on the date the change is initiated and is deducted from the face value of the original purchase price of the ticket, and the original ticket becomes invalid. The amount remaining after deducting the service charge is called a credit shell which expires 60 days from the date the credit shell is created and can be used towards the purchase of a new ticket and our other service offerings. The amount of credits expected to expire is recognized as revenue upon issuance of the credit and is estimated based on historical experience. Estimating the amount of credits that will go unused involves some

level of subjectivity and judgment.

Accounting for property and equipment. Property and equipment is stated at cost, less accumulated depreciation and amortization. Depreciation of operating property and equipment is computed using the straight-line method applied to each unit of property. Property under capital leases and related obligations are

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initially recorded at an amount equal to the present value of future minimum lease payments computed using the Company's incremental borrowing rate or, when known, the interest rate implicit in the lease. Amortization of property under capital leases is on a straight-line basis over the lease term and is included in depreciation and amortization expense. In accounting for property and equipment, we must make estimates about the expected useful lives of the assets, the expected residual values of the assets, and the potential for impairment based on the fair value of the assets and their future expected cash flows.

The depreciable lives used for the principal depreciable asset classifications are:

	Estimated Useful Life
Aircraft	25 years
Spare rotables and flight assemblies	7 to 15 years
Other equipment and vehicles	5 to 7 years
Internal use software	3 to 10 years
Capital lease	Lease term
Leasehold improvements	Lesser of lease term or estimated useful life of the improvement

As of December 31, 2014, we had 4 aircraft capitalized within flight equipment with depreciable lives of 25 years and 61 aircraft financed through operating leases with terms of 3 to 15 years. All spare engines are financed through operating leases with terms of 7 to 12 years. Residual values for aircraft, major spare rotatable parts, avionics and assemblies are estimated to be 10%.

We record impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired, the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net book value of the assets exceeds their estimated fair value. In making these determinations, we use certain assumptions, including, but not limited to: (i) estimated fair value of the assets; and (ii) estimated, undiscounted future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization, length of service the asset will be used in our operations, and estimated salvage values.

Frequent Flier Program. We accrue for mileage credits earned through travel, including mileage credits for members with an insufficient number of mileage credits to earn an award, under our FREE SPIRIT program based on the estimated incremental cost of providing free travel for credits that are expected to be redeemed. Incremental costs include fuel, insurance, security, ticketing and facility charges reduced by an estimate of amounts required to be paid by the passenger when redeeming the award.

Under our affinity card program, funds received for the marketing of a co-branded Spirit credit card and delivery of award miles are accounted for as a multiple-deliverable arrangement. At the inception of the arrangement, we evaluated all deliverables in the arrangement to determine whether they represent separate units of accounting. We determined the arrangement had three separate units of accounting: (i) travel miles to be awarded, (ii) licensing of brand and access to member lists and (iii) advertising and marketing efforts. At inception of the arrangement, we established the relative selling price for all deliverables that qualified for separation, as arrangement consideration should be allocated based on relative selling price. The manner in which the selling price was established was based on the applicable hierarchy of evidence. Total arrangement consideration was then allocated to each deliverable on the basis of the deliverable's relative selling price. In considering the hierarchy of evidence, we first determined whether vendor-specific objective evidence of selling price or third-party evidence of selling price existed. We determined that neither vendor-specific objective evidence of selling price nor third-party evidence existed due to the uniqueness of our program. As such, we developed our best estimate of the selling price for all deliverables. For the selling price of travel, we considered a number of entity-specific factors including the number of miles needed to redeem an award, average fare of

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comparable segments, breakage, restrictions and other charges. For licensing of brand and access to member lists, we considered both market-specific factors and entity-specific factors, including general profit margins realized in the marketplace/industry, brand power, market royalty rates and size of customer base. For the advertising and marketing element, we considered market-specific factors and entity-specific factors including, our internal costs (and fluctuations of costs) of providing services, volume of marketing efforts and overall advertising plan. Consideration allocated based on the relative selling price to both brand licensing and advertising elements is recognized as revenue when earned and recorded in non-ticket revenue. Consideration allocated to award miles is deferred and recognized ratably as passenger revenue over the estimated period the transportation is expected to be provided which as of December 31, 2014 was estimated at 14 months. We used entity-specific assumptions coupled with the various judgments necessary to determine the selling price of a deliverable in accordance with the required selling price hierarchy. Changes in these assumptions could result in changes in the estimated selling prices. Determining the frequency to reassess selling price for individual deliverables requires significant judgment. For additional information, please see Summary of Significant Accounting Policies Frequent Flier Program in Note 1 to our audited financial statements for the year ended December 31, 2014 included elsewhere in this prospectus supplement.

Aircraft Maintenance, Materials, Repair Costs and Related Heavy Maintenance Amortization. We account for heavy maintenance under the deferral method. Under the deferral method the cost of heavy maintenance is capitalized and amortized as a component of depreciation and amortization expense until the earlier of the next estimated heavy maintenance event or the aircraft's return at the end of the lease term. Amortization of engine and aircraft overhaul costs was \$35.8 million, \$23.6 million and \$9.1 million for the years ended December 31, 2014, 2013 and 2012, respectively. If heavy maintenance costs were amortized within maintenance, material and repairs expense in the statement of operations, our maintenance, material and repairs expense would have been \$109.8 million, \$83.8 million and \$58.6 million for the years ended December 31, 2014, 2013 and 2012, respectively. During the years ended December 31, 2014, 2013 and 2012, we capitalized \$33.6 million, \$70.8 million and \$61.6 million of costs for heavy maintenance, respectively. The timing of the next heavy maintenance event is estimated based on assumptions including estimated usage, FAA-mandated maintenance intervals and average removal times as suggested by the manufacturer. These assumptions may change based on changes in our utilization of our aircraft, changes in government regulations and suggested manufacturer maintenance intervals. In addition, these assumptions can be affected by unplanned incidents that could damage an airframe, engine or major component to a level that would require a heavy maintenance event prior to a scheduled maintenance event. To the extent our planned usage increases, the estimated life would decrease before the next maintenance event, resulting in additional expense over a shorter period. Heavy maintenance events include 6-year and 12-year airframe checks, engine overhauls, LLP replacement and overhauls to major components. Certain maintenance functions are outsourced under contracts that require payment based on a performance measure such as flight hours. Costs incurred for maintenance and repair under flight hour maintenance contracts, where labor and materials price risks have been transferred to the service provider, are accrued based on contractual payment terms. Routine cost for maintaining the airframes and engines and line maintenance are charged to maintenance, materials and repairs expense as performed.

Maintenance Reserves. Some of our master lease agreements provide that we pay maintenance reserves to aircraft lessors to be held as collateral in advance of our performance of major maintenance activities. These lease agreements provide that maintenance reserves are reimbursable to us upon completion of the maintenance event in an amount equal to either (1) the amount of the maintenance reserve held by the lessor associated with the specific maintenance event or (2) the qualifying costs related to the specific maintenance event. Substantially all of these maintenance reserve payments are calculated based on a utilization measure, such as flight hours or cycles and are used solely to collateralize the lessor for maintenance time run off the aircraft until the completion of the maintenance of the aircraft.

At lease inception and at each balance sheet date, we assess whether the maintenance reserve payments required by the master lease agreements are substantively and contractually related to the maintenance of the leased asset. Maintenance reserve payments that are substantively and contractually related to the maintenance of

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the leased asset are accounted for as maintenance deposits. Maintenance deposits expected to be recovered from lessors are reflected as prepaid maintenance deposits in the accompanying balance sheets. When it is not probable we will recover amounts currently on deposit with a lessor, such amounts are expensed as supplemental rent. Because we are required to pay maintenance reserves for our operating leased aircraft, and we choose to apply the deferral method for maintenance accounting, management expects that the final heavy maintenance events will be amortized over the remaining lease term rather than over the next estimated heavy maintenance event. As a result, our maintenance costs in the last few years of leases could be significantly in excess of the costs in earlier periods. In addition, these late periods could include additional costs from unrecoverable maintenance reserve payments required in the late years of the lease. We expensed \$1.6 million, \$1.9 million and \$2.0 million of paid maintenance reserves as supplemental rent during 2014, 2013 and 2012, respectively.

As of December 31, 2014 and 2013, we had prepaid maintenance deposits of \$250.0 million and \$220.7 million, respectively, on our balance sheets. We have concluded that these prepaid maintenance deposits are probable of recovery primarily due to the rate differential between the maintenance reserve payments and the expected cost for the related next maintenance event that the reserves serve to collateralize.

These master lease agreements also provide that most maintenance reserves held by the lessor at the expiration of the lease are nonrefundable to us and will be retained by the lessor. Consequently, we have determined that any usage-based maintenance reserve payments after the last major maintenance event are not substantively related to the maintenance of the leased asset and therefore are accounted for as contingent rent. We accrue contingent rent beginning when it becomes probable and reasonably estimable we will incur such nonrefundable maintenance reserve payments. We make certain assumptions at the inception of the lease and at each balance sheet date to determine the recoverability of maintenance deposits. These assumptions are based on various factors such as the estimated time between the maintenance events, the cost of future maintenance events and the number of flight hours the aircraft is estimated to be utilized before it is returned to the lessor. Maintenance reserves held by lessors that are refundable to us at the expiration of the lease are accounted for as prepaid maintenance deposits on the balance sheet when they are paid.

Leased Aircraft Return Costs. Our aircraft lease agreements often contain provisions that require us to return aircraft airframes and engines to the lessor in a certain maintenance condition or pay an amount to the lessor based on the airframe and engine's actual return condition. Lease return costs will be recognized as expense beginning when it is probable that such costs will be incurred and they can be estimated. Incurrence of lease return costs becomes probable and the amount of those costs can typically be estimated near the end of the lease term (that is, after the aircraft has completed its last maintenance cycle prior to being returned). We will evaluate all lease return conditions after the second to last maintenance event as it relates to the respective component or airframe from the lease return. If at this point it becomes both probable and estimable that a return cost will be incurred, we will accrue the cost on a straight-line basis as contingent rent through the remaining lease term. Return costs are recorded as a component of supplemental rent.

Results of Operations

In 2014, we generated operating revenues of \$1,931.6 million and operating income of \$355.3 million resulting in an 18.4% operating margin and net earnings of \$225.5 million. In 2013, we generated operating revenues of \$1,654.4 million and operating income of \$282.3 million resulting in a 17.1% operating margin and net earnings of \$176.9 million. Operating revenues increased year over year mainly as a result of an 18.0% increase in traffic, as compared to the prior year. The increase in operating income in 2014 over 2013 of \$73.0 million is mainly due to a 16.8% increase in revenue partially offset by increased fuel and other expenses resulting from an increase in operations. Fuel costs increased by \$61.2 million during 2014 compared to 2013, primarily driven by a 16.6% increase in consumption offset by a lower fuel cost per gallon year over year. Operating expenses increased primarily due to our growth in capacity resulting from the addition of eleven aircraft to our fleet and our route network expansion.

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As of December 31, 2014, our cash and cash equivalents grew to \$632.8 million, an increase of \$102.2 million compared to the prior year, mainly driven by cash from our operating activities offset by cash used to fund PDPs and capital expenditures.

Operating Revenues

	Year Ended 2014	% change 2014 versus 2013	Year Ended 2013	% change 2013 versus 2012	Year Ended 2012
Passenger	\$ 1,144,972	16.1%	\$ 986,018	26.0%	\$ 782,792
Non-ticket	786,608	17.7%	668,367	24.8%	535,596
Total operating revenue	\$ 1,931,580	16.8%	\$ 1,654,385	25.5%	\$ 1,318,388
RASM (cents)	11.82	(1.0)%	11.94	2.8%	11.62
Average ticket revenue per passenger flight segment	\$ 80.11	0.9%	\$ 79.43	5.8%	\$ 75.11
Average non-ticket revenue per passenger flight segment	\$ 55.03	2.2%	\$ 53.84	4.8%	\$ 51.39
Total revenue per passenger flight segment	\$ 135.14	1.4%	\$ 133.27	5.4%	\$ 126.50

2014 compared to 2013

Operating revenue increased by \$277.2 million, or 16.8%, to \$1,931.6 million in 2014 compared to 2013, primarily due to an increase in traffic of 18.0%, offset slightly by a decrease in average yield of 1.1% to 13.64 cents.

Our results for 2014 were driven by a capacity increase of 17.9% compared to 2013, while maintaining a high load factor of 86.7%. Total RASM for 2014 was 11.82 cents, a decrease of 1.0% compared to 2013, as a result of lower operating yields on relatively stable load factors. Total revenue per passenger flight segment increased 1.4% from \$133.27 in 2013 to \$135.14 in 2014. The year-over-year increase in total revenue per passenger flight segment is due to higher non-ticket revenue per passenger flight segment offset by lower ticket revenue per passenger flight segment.

During 2014, we increased our average non-ticket revenue per passenger flight segment by 2.2%, or \$1.19, to \$55.03. Our total non-ticket revenue increased by 17.7%, or \$118.2 million, to \$786.6 million in 2014. The year-over-year increase in average non-ticket revenue per passenger flight segment was primarily driven by a higher volume of passengers electing to purchase seat assignments, largely due to a software update completed in 2014 that enables us to sell seat assignments through more channels as well as a more rigorous approach to managing our seat inventory. Additionally, in July 2013, we increased our passenger usage fee (PUF), helping to drive the increase in PUF fees year over year.

2013 compared to 2012

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Operating revenues increased by \$336.0 million, or 25.5%, to \$1,654.4 million in 2013 compared to 2012 as we increased traffic by 24.2% and improved our average yield by 1.1% to 13.79 cents.

Our results for 2013 were driven by a capacity increase of 22.2% compared to 2012, while maintaining a high load factor of 86.6%, and an increase of 1.4 points compared to 2012. In addition, the year-over-year increase was partly attributable to the negative revenue impact in the fourth quarter 2012 related to Hurricane Sandy which we estimated to be \$25 million. Total RASM for 2013 was 11.94 cents, an increase of 2.8% compared to 2012, as a result of higher average passenger yields and higher load factor. Total revenue per passenger flight segment increased 5.4% from \$126.50 in 2012 to \$133.27 in 2013.

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Non-ticket revenue increased 24.8% in 2013, as compared to 2012, mainly due to a 24.2% increase in traffic and an increase in baggage revenue per passenger flight segment. Non-ticket revenue as a percentage of total revenue remained relatively stable from 40.6% for 2012 to 40.4% for 2013. On a per passenger segment basis, the increase in non-ticket revenue was attributable to changes in our bag fee schedule which better optimized revenue by channel. Additionally, during June 2012 and July 2013, we made adjustments to our PUF, helping to drive the increase in PUF fees year over year.

Stronger demand throughout 2013, particularly in the second half of the year, as compared to 2012, allowed us to better leverage our ability to revenue manage our inventory, resulting in higher ticket revenue per passenger segment. Our average ticket fare per passenger flight segment increased 5.8% from \$75.11 in 2012 to \$79.43 in 2013.

Operating Expenses

Since adopting our ULCC model, we have continuously sought to reduce our unit operating costs and have created one of the industry's lowest cost structures in the Americas. The table below presents our operating expenses, as a percentage of operating revenue for the last three years, as well as unit operating costs (CASM).

	Year Ended December 31,					
	2014		2013		2012	
	% of Revenue	CASM	% of Revenue	CASM	% of Revenue	CASM
Operating revenue	100%		100%		100%	
Operating expenses:						
Aircraft fuel(1)	31.7%	3.75¢	33.4	3.98¢	35.8	4.16¢
Salaries, wages and benefits	16.3	1.92	15.8	1.89	16.6	1.93
Aircraft rent	10.1	1.20	10.3	1.22	10.9	1.27
Landing fees and other rentals	5.4	0.64	5.1	0.60	5.2	0.60
Distribution	3.9	0.46	4.1	0.49	4.3	0.50
Maintenance, materials and repairs	3.8	0.45	3.6	0.43	3.8	0.44
Depreciation and amortization	2.4	0.29	1.9	0.23	1.2	0.13
Other operating expenses	7.7	0.92	8.7	1.04	9.7	1.13
Loss on disposal of assets	0.2	0.02			0.1	0.01
Special charges (credits)(2)					(0.6)	(0.07)
Total operating expense	81.6%		82.9%		86.8%	
CASM		9.65¢		9.90¢		10.09¢
Unrealized gains and losses related to fuel derivative contracts per ASM		0.02				
Loss (gains) on disposal of assets per ASM		0.02				0.01
Special charges (credits) per ASM						(0.07)
Prior years' additional federal excise tax per ASM		0.06				
Adjusted CASM(3)		9.55		9.89		10.15
Adjusted CASM ex-fuel(4)		5.88		5.91		6.00

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- (1) Aircraft fuel expense is the sum of (i) into-plane fuel cost, which includes the cost of jet fuel and certain other charges such as fuel taxes and oil, (ii) realized gains and losses related to fuel derivative contracts and (iii) unrealized gains and losses related to fuel derivative contracts. The following table summarizes the components of aircraft fuel expense for the periods presented:

	Year Ended December 31,		
	2014	2013	2012
&nb			